

CITY OF CEDAR FALLS, IOWA

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2013**

Prepared by:

Finance/Public Records Division
Of
Department of Administrative Services

Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

**City of Cedar Falls, Iowa
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.	1
GFOA Certificate of Achievement	11
Organizational Charts	12
Principal Officials.	14
 FINANCIAL SECTION	
Independent Auditor's Report	15
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities.	33
Fund Financial Statements:	
Balance Sheet – Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Statement of Net Position – Proprietary Funds.	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.	42
Statement of Cash Flows – Proprietary Funds.	44
Notes to Financial Statements.	46
Required Supplementary Information:	
Budgetary Comparison Schedule – Function Budget	81
Notes to Required Supplementary Information	83
Schedule of Funding Progress	86
Other Supplementary Information:	
Combining Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	91

Combining Statement of Net Position – Internal Service Funds. . .	95
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	97
Combining Statement of Cash Flows – Internal Service Funds.	99
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source.	101
Schedule by Function and Activity	102
Schedule of Changes by Function and Activity.	104

STATISTICAL SECTION

Financial Trends:

Net Position by Component	106
Changes in Net Position.	108
Fund Balances, Governmental Funds.	112
Changes in Fund Balances, Governmental Funds.	114

Revenue Capacity:

Assessed and Taxable Value of Property.	116
Property Tax Rates – Direct and Overlapping Governments.	118
Principal Property Taxpayers	120
Property Tax Levies and Collections.	122

Debt Capacity:

Ratios of Outstanding Debt by Type.	124
Ratios of General Bonded Debt Outstanding	126
Direct and Overlapping Debt.	128
Legal Debt Margin Information.	129
Revenue Bond Coverage – Sewer Authority.	131
Sales History and Total Sewer Charges.	133
Water Meters by Rate Class.	134
Largest Sewer Customers.	135

Demographics on Economic Information:

Demographic and Economic Statistics	136
Principal Employers	137
Full-Time Equivalent City Government Employees by Function/Department	139

Operating Information:

Operating Indicators by Function.	141
Capital Asset Statistics by Function	143



DEPARTMENT OF ADMINISTRATIVE SERVICES

CITY OF CEDAR FALLS, IOWA
220 CLAY STREET
CEDAR FALLS, IOWA 50613
PHONE: 319-273-8600
FAX: 319-268-5126
www.cedarfalls.com

October 1, 2013

To Mayor Crews, Members of the City Council and Citizens of the City of Cedar Falls:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Falls, Iowa, for the year ended June 30, 2013. This is the eleventh CAFR completed in compliance with the Governmental Accounting Standards Board Statement No. 34 (GASB 34). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Cedar Falls' MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." Information to comply with OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and "Government Auditing Standards" is included in another report under a separate cover.

The City of Cedar Falls provides many municipal services including fire and police protection, streets, garbage collection, parks, recreation, cultural arts, planning, zoning, general administration, and sewer and storm water services. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these factors, the City has included in this financial report the Cedar Falls Electric Utility, Gas Utility, Water Utility, and Communications Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

GOVERNMENTAL STRUCTURE

The City has operated under the mayor-council form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of seven members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting goals, and approving mayor-appointed committees. The full-time mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department directors. The mayor and Council are elected on a nonpartisan basis. The Council consists of two council members elected at large and one council member elected from each of the five wards as established by ordinance, elected for terms of four years. The mayor is elected at large and to a two-year term.

ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1854, is located in the northeastern part of the state, has a land area of 28.9 square miles and a population of 39,260. The City is empowered to levy a property tax on both real and personal property located within its boundaries, and has the power by state statute to extend its corporate limits by annexation, which is seldom done, but will be done when deemed appropriate by the City Council.

The economic condition and outlook of Cedar Falls continues to be strong. The Cedar Falls economy was insulated from many of the impacts created by the recent recession due to the growth and stability of the University of Northern Iowa and a diverse service business sector.

The Greater Cedar Valley Alliance was formed in the metro area to organize the human resources and generate needed development capital to attract new business and industry to the area and to encourage expansion of businesses already in the area. As a result, many new businesses have located offices and plants in the metro area. Target Corporation constructed a distribution center with an assessed value of approximately \$45 million in FY02 and in FY08 completed a second refrigeration center. The Cedar Falls Industrial and Technology Park continues to show tremendous expansion.

The increase in new businesses and expansion of established firms has had a positive effect on employment and the City's tax base. Historically, Cedar Falls' unemployment rate has closely followed the State trends, which are significantly lower than the nation's unemployment rate (See Attachment A). This is due to the strong service employment base supported by the state university located in Cedar Falls. Since the devaluation of property in 1986-1988, Cedar Falls has had steady growth in property values. Assessed values increased in FY14 by \$32 million, and taxable values increased by \$229 million (See Attachment B) due to the increase in assessed valuations and the residential rollback.

The City of Cedar Falls maintains a comparatively low tax rate. Cedar Falls has the fifth lowest tax rate per capita of the twenty largest cities in the state of Iowa (See Attachment C). This low rate can be attributed to the efforts of the City to streamline operations over the past twenty years. This has been accomplished by maintaining the approximate same number of employees, even when demand for service has increased. Cedar Falls had one of the lowest number of full-time employees per 1,000 residents in FY12. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 2002, the average sales price reported was \$153,312. In 2012, the average sales price was \$206,773, which is a thirty-five (35) percent increase in the past ten years (See Attachment E). These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes.

Housing values have surged from the recession and devaluation of the mid-1980's to values that once again place the homeowners living in Cedar Falls in an advantageous market position. This market growth is a credit to businesses, the school system, utilities, and quality of City services in Cedar Falls. Each entity has worked together to strengthen the local economy, create jobs, and improve Cedar Falls' quality of life.

MAJOR INITIATIVES

Disinfection Project: In August 2009, the Public Works department presented to council information on an Ultraviolet Light (UV) Alternatives Evaluation Workshop. This is a process to treat bacteria at the Water Reclamation Facility. The Environmental Protection Agency (EPA) has directed a new standard of treatment. The advantage of UV over other disinfectants is it can inactivate hard to control organisms, such as E.coli, without chemical additions to the final product and without producing a harmful disinfection by-product. Using UV is a better and safer way to disinfect and there are no residuals.

In FY11, the Public Works department solicited bids for the construction of the Water Reclamation Facility UV Disinfection and Biosolids Handling Facilities Improvements Project (Disinfection Project). Construction of the project began in FY12 and a majority of the construction has occurred during FY13. Completion is expected in FY14. The total project cost will be approximately \$21.8 million.

This project will have a significant impact on the City's sewer fund. The City Council did approve a 5% increase on sewer rates each year for five years beginning in FY12. The council also decided not to finance the project in a traditional way of selling sewer bonds. Instead the City has opted to self-finance the project. Cash reserves from the City's Capital Improvements Fund and Hospital Fund have financed the project. Through June 30, 2013, these funds have loaned the sewer fund \$15.9 million. Self-financing has allowed these funds to earn interest at a rate greater than earnings on traditional investments and the sewer fund benefits by paying interest costs lower than bond rates.

Bluff Street Lift Station: In 1962, the Bluff Street Lift Station was constructed below the 100-year flood elevation. During the Flood of 2008, the entire basement (pump room) filled with water and the control room had five feet of standing water in it. Due to its location, the station was not accessible for several days and out of service for about two weeks because of the significant damage to the mechanical equipment in the station as well as to the backup generator. Because of the dry well/wet well configuration of the station, conventional flood protection was not practical, therefore the City applied for a Community Development Grant (CDBG) Disaster Recovery Grant to construct the new station at a higher elevation and that is not subject to flooding and is completely accessible in a high water event.

In FY10, design on the new lift station started and the Public Works Department solicited bids for the New Bluff Street Lift Station project. Construction began in FY12 and continued in FY13. Completion will occur in FY14. The total project cost will be approximately \$7.9 million. The CDBG grant will fund \$3.9 million of the cost. The remaining cost will be financed with sewer bonds and self-financing options. Sewer rates increases described above also were needed to help finance this project as well.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorizations.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance to management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits. The benefit consists of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State of Iowa, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the function level (Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-Type activities). The City has adhered to these budgetary laws.

INDEPENDENT AUDIT

Eide Bailly, LLP, a firm of independent public accountants has audited the financial records, books of account and transactions of the City for the fiscal year ended June 30, 2013, and their opinion is included in the Financial Section of this report. The financial statements are the responsibility of the City. The responsibility of the independent public accountants is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with U.S. generally accepted auditing standards. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Falls for its comprehensive annual financial report (CAFR) for the year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years ended 1990-2012). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance/Public Records Division, particularly Lisa Roeding, Deputy Finance Manager and Cathy Niebergall, Financial Technician. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

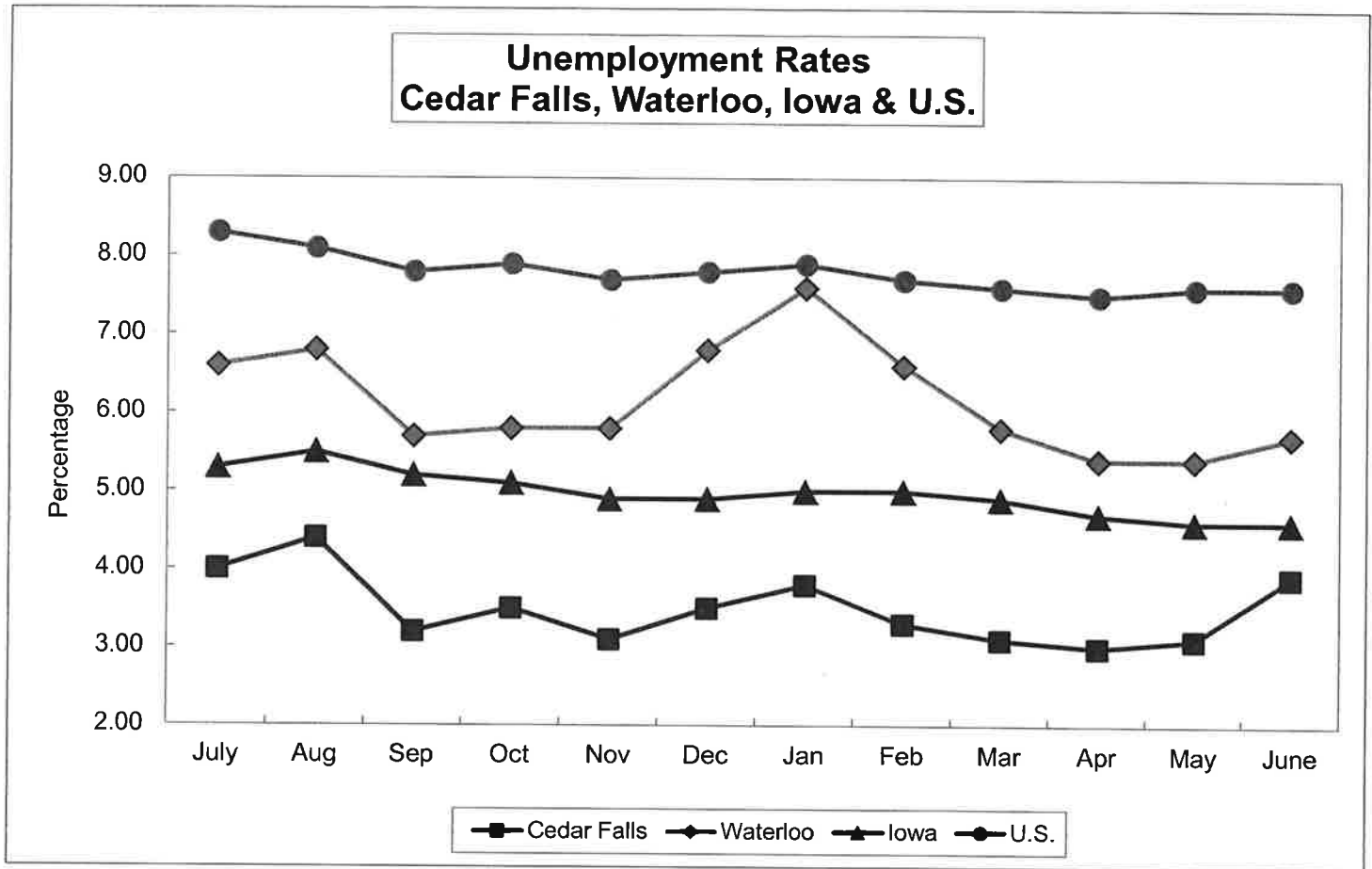
Sincerely,



Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

ATTACHMENT A

Unempl



**Unemployment Rates
Cedar Falls, Waterloo, Iowa & U.S.**

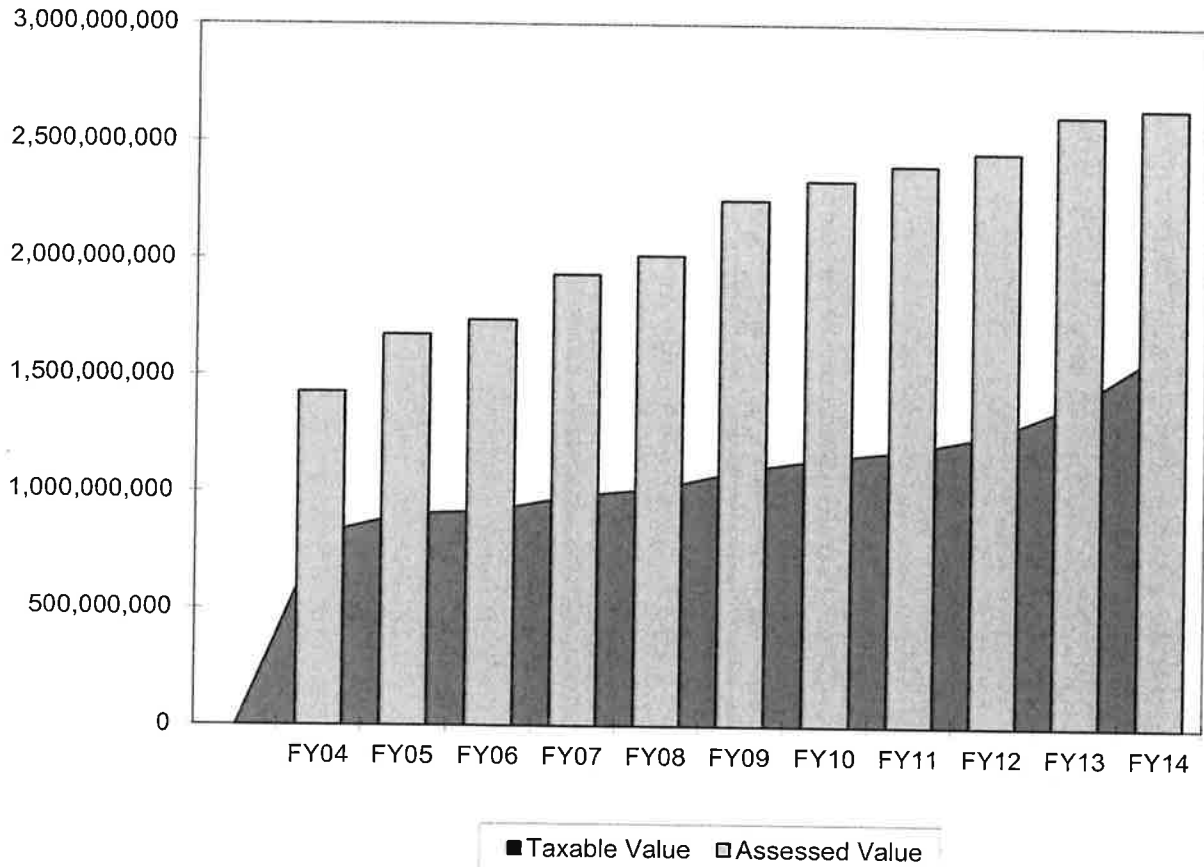
Month 12-13	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	4.0	6.6	5.3	8.3
Aug	4.4	6.8	5.5	8.1
Sep	3.2	5.7	5.2	7.8
Oct	3.5	5.8	5.1	7.9
Nov	3.1	5.8	4.9	7.7
Dec	3.5	6.8	4.9	7.8
Jan	3.8	7.6	5.0	7.9
Feb	3.3	6.6	5.0	7.7
Mar	3.1	5.8	4.9	7.6
Apr	3.0	5.4	4.7	7.5
May	3.1	5.4	4.6	7.6
June	3.9	5.7	4.6	7.6
Average	3.5	6.2	5.0	7.8

Cedar Falls has consistently remained below Waterloo and the nation's unemployment rates.

Historically Cedar Falls' unemployment rate has closely followed the State trends. Cedar Falls is insulated from many of the economic problems in the Metro area due to a strong service employment base supported by UNI.

taxvalue14

Taxable Valuations FY04-FY14 City of Cedar Falls

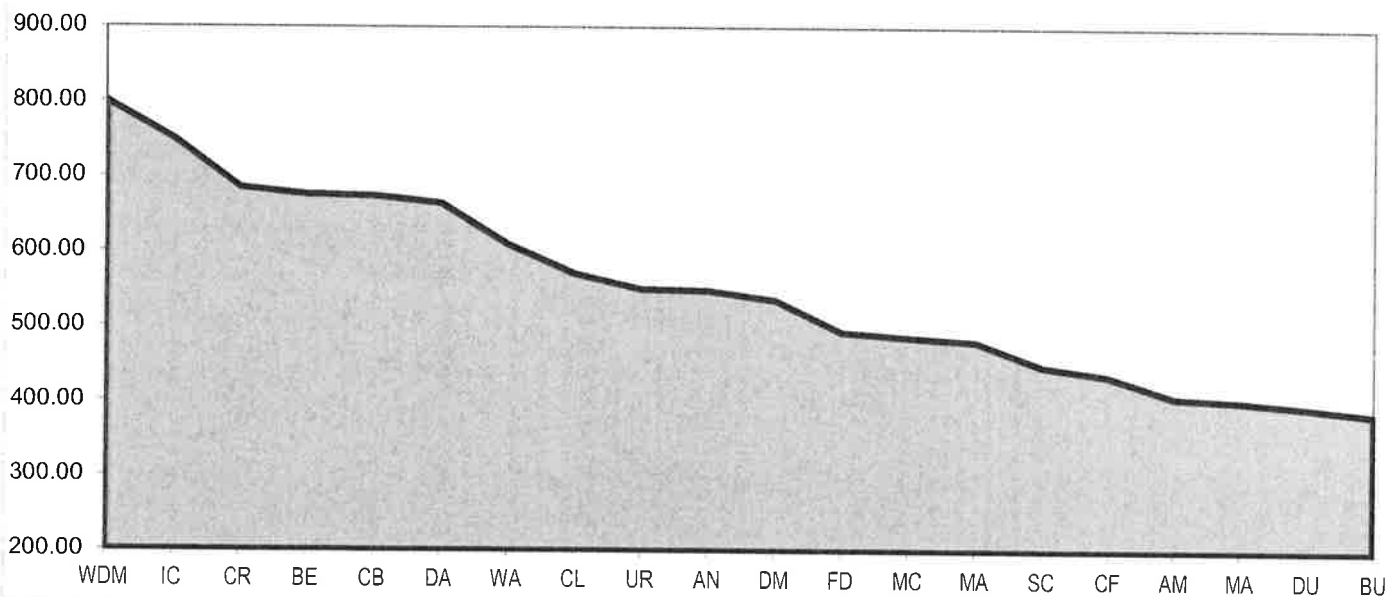


Year	Taxable Value	Assessed Value
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915
FY11	1,185,969,161	2,402,107,961
FY12	1,254,821,347	2,458,320,459
FY13	1,393,511,204	2,618,319,843
FY14	1,622,862,335	2,650,433,900

The last ten years have provided a steady growth trend in assessed valuations. In addition, FY08 was the first year that assessed values exceeded \$2 billion and taxable values exceeded \$1 billion.

For FY14, assessed values increased by \$32,114,057. However, taxable values increased by \$229,351,131 due to the change in the residential rollback factor to 52.82% for FY14 and the release of the TIF increment.

**Property Tax Per Capita (FY13)
20 Largest Cities**



**Property Tax Per Capita (FY13)
20 Largest Iowa Cities**

City	FY13 Tax Per Person	2010 Population	Abbre- viation
West Des Moines	800.53	56,609	WDM
Iowa City	749.90	67,862	IC
Cedar Rapids	685.03	126,326	CR
Bettendorf	675.82	33,217	BE
Council Bluffs	673.97	62,230	CB
Davenport	664.56	99,685	DA
Waterloo	609.53	68,406	WA
Clinton	570.61	26,885	CL
Urbandale	550.35	39,463	UR
Ankeny	548.16	45,582	AN
Des Moines	535.64	203,433	DM
Fort Dodge	493.31	25,206	FD
Mason City	486.57	28,079	MC
Marion	480.96	34,768	MA
Sioux City	448.28	82,684	SC
Cedar Falls	435.53	39,260	CF
Ames	407.26	58,965	AM
Marshalltown	402.19	27,552	MA
Dubuque	394.58	57,637	DU
Burlington	385.09	25,663	BU
Average	549.89		

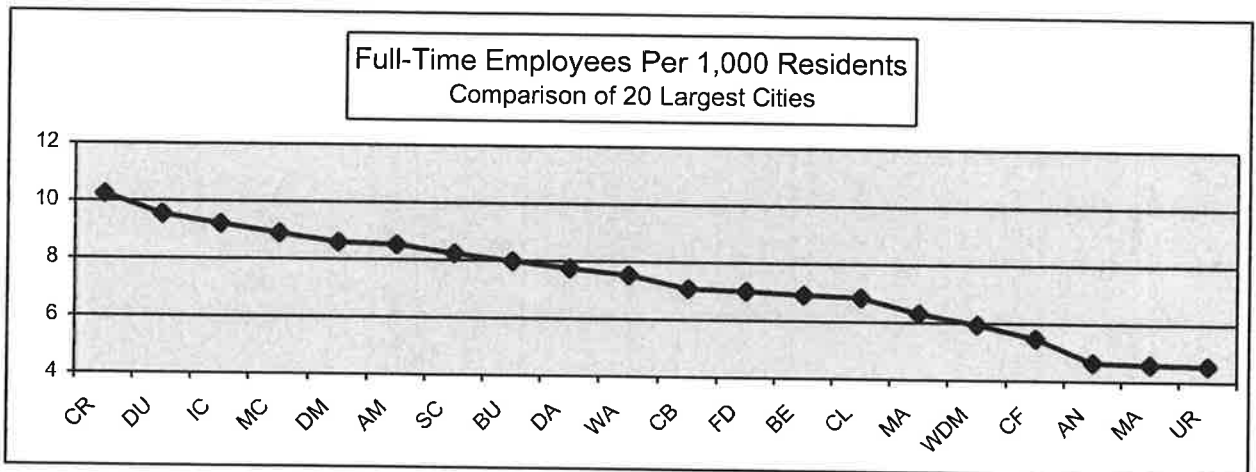
For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

At a cost of \$435.53 per person, the City is substantially below the average rate of \$549.89. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 4.5 million dollars would be devoted to operations. This would be an increase of 26% of taxes levied in FY13.

Included in Cedar Falls' population are university students who live in campus housing and do not pay property taxes. This results in an even greater property tax burden on the citizens.

ATTACHMENT D



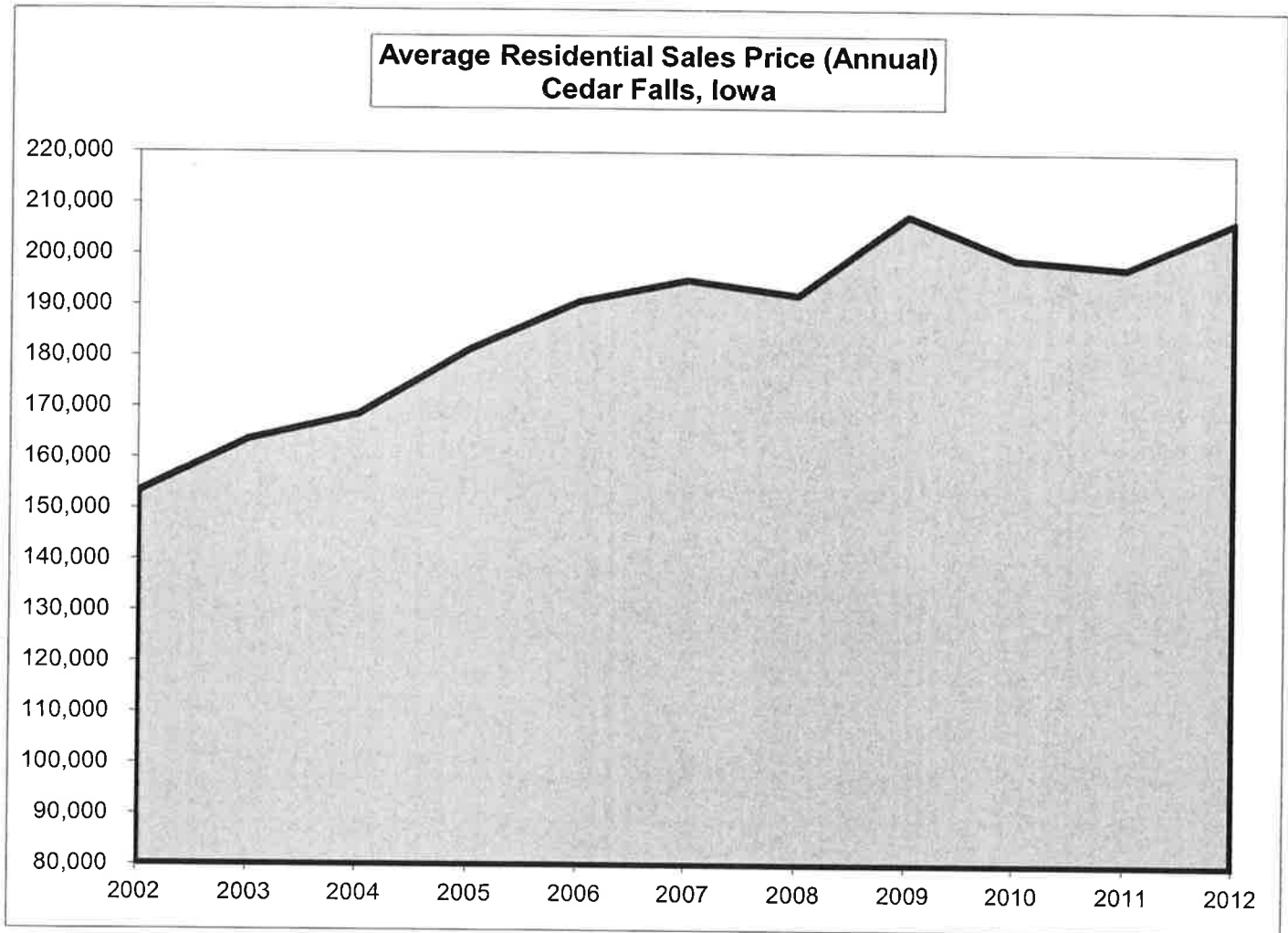
City	FY12 Employees	2010 Population	Employees Per 1,000
Cedar Rapids	1293.0	126,326	10.24
Dubuque	550.0	57,637	9.54
Iowa City	626.0	67,862	9.22
Mason City	250.0	28,079	8.90
Des Moines	1750.0	203,433	8.60
Ames	503.0	58,965	8.53
Sioux City	684.0	82,684	8.27
Burlington	205.0	25,663	7.99
Davenport	773.0	99,685	7.75
Waterloo	516.0	68,406	7.54
Council Bluffs	441.0	62,230	7.09
Fort Dodge	177.0	25,206	7.02
Bettendorf	230.0	33,217	6.92
Clinton	184.0	26,885	6.84
Marshalltown	174.0	27,552	6.31
W. Des Moines	337.0	56,609	5.95
Cedar Falls	215.0	39,260	5.48
Ankeny	212.0	45,582	4.65
Marion	160.0	34,768	4.60
Urbandale	180.0	39,463	4.56
Average:			7.30

Cedar Falls city government continued to have one of the lowest number of employees per 1,000 capita comparing the top 20 largest cities.

Cedar Falls has 1.82 employees per 1,000 capita less than the state average, which is equivalent to 71 fewer full-time employees.

Employment reductions have been implemented over the last 10 years, which has streamlined Cedar Falls' employment.

Among the top twenty largest cities in the State of Iowa, the City of Cedar Falls continues to have one of the lowest number of employees per capita. The pressures of new construction growth, road development, and societal values have placed greater demands on existing staff. In the near future, the City Council will need to prioritize services or focus on key services to address the over extension of City staff.



Year	Average Sales Price
2002	153,312
2003	163,637
2004	168,589
2005	181,310
2006	190,828
2007	195,080
2008	192,154
2009	207,754
2010	199,318
2011	197,576
2012	206,773
Average	186,939

The average sale price of residential properties in Cedar Falls has grown by 35% between 2002- 2012 from \$153,312 to \$206,773.

However, in 2011 the average sale price declined slightly.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

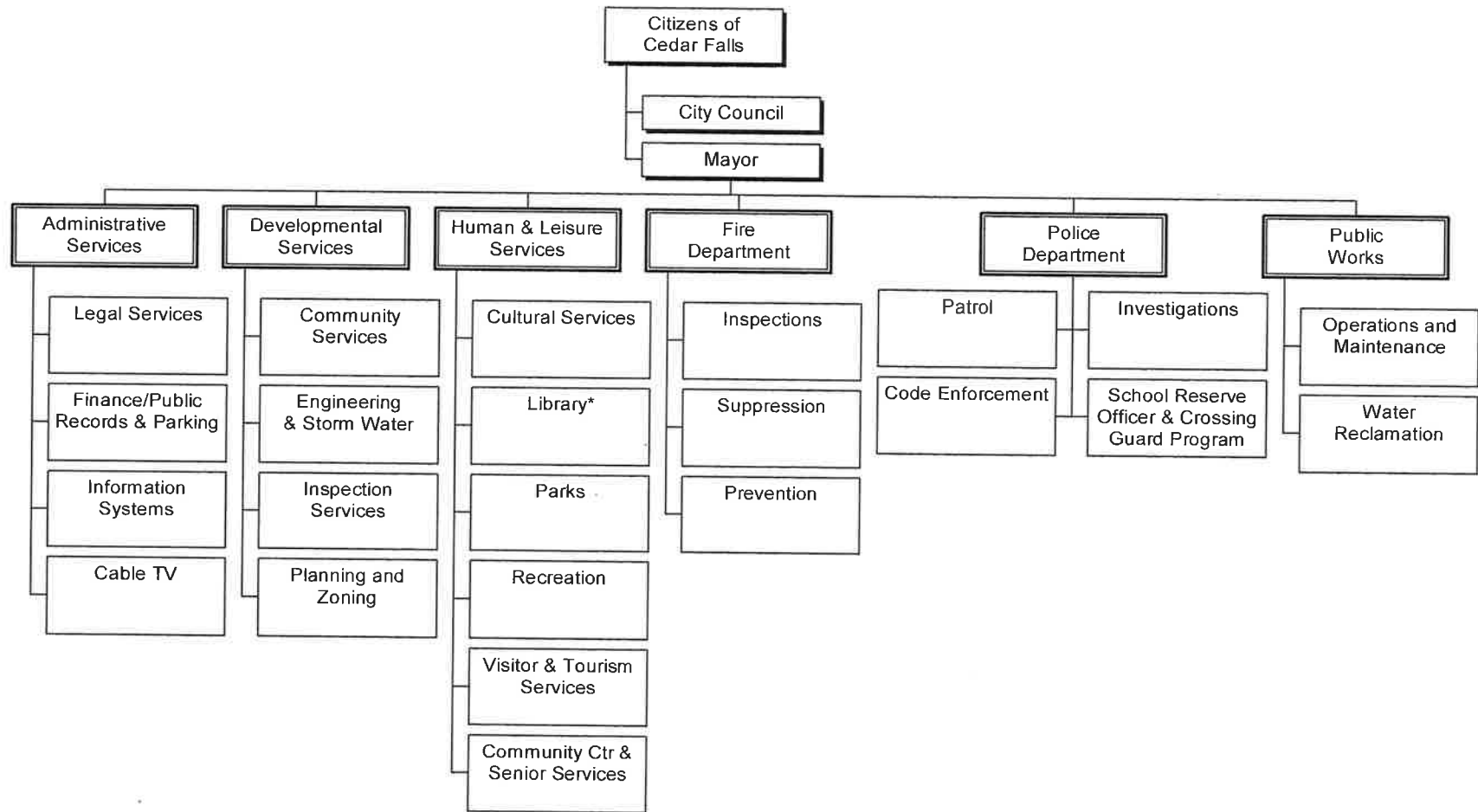
**City of Cedar Falls
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Cedar Falls, Iowa Organizational Chart

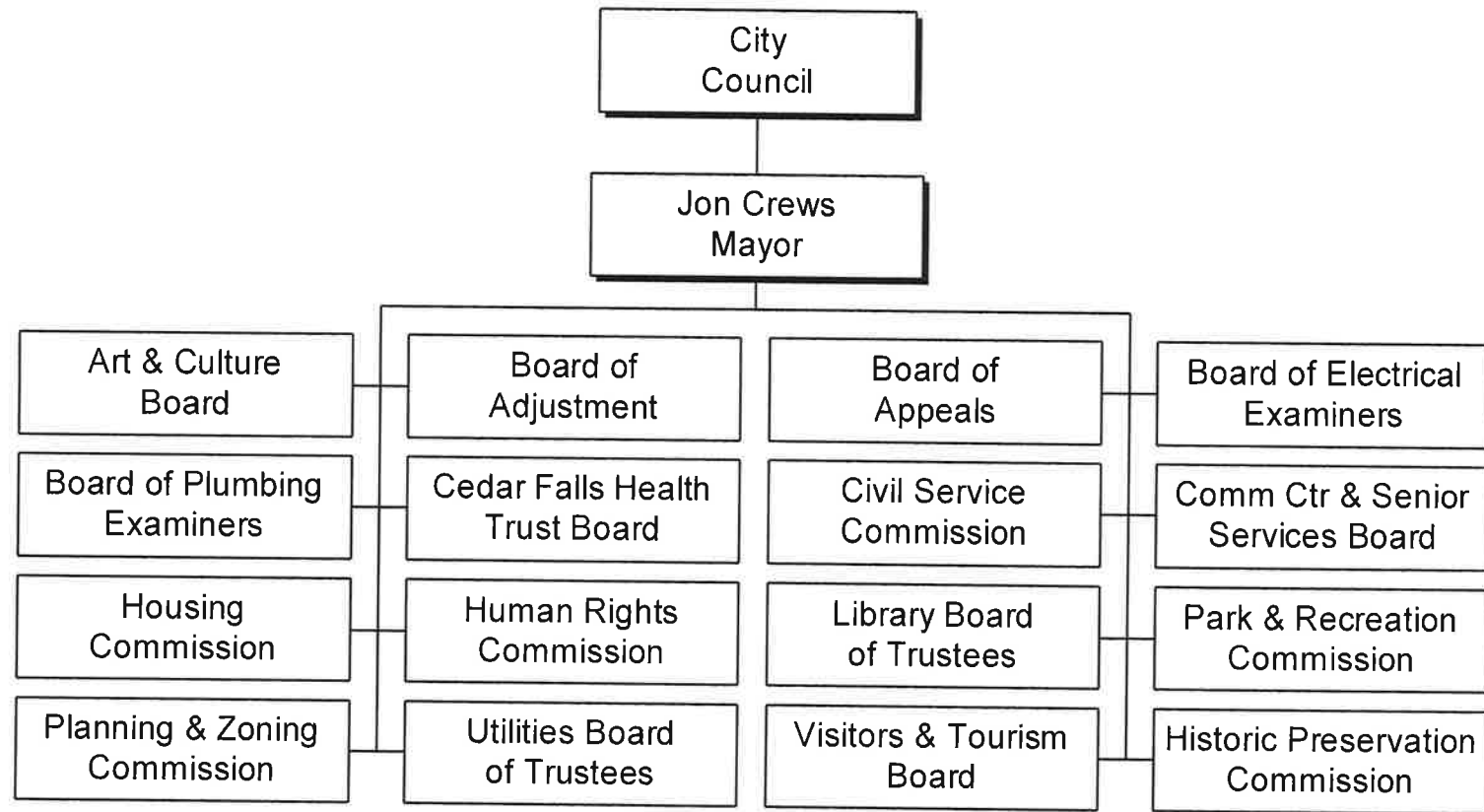


city division org.doc

January 29, 2013
Financial Services

*The Library is governed by the Library Board of Trustees, which are appointed by the Mayor & City Council. The Library is shown under the Human & Leisure Services Department since that department is the Board's liaison.

City of Cedar Falls, Iowa Boards and Commissions



CITY OF CEDAR FALLS, IOWA

PRINCIPAL OFFICIALS

June 30, 2013

Title	Name
Mayor	Jon Crews
Council Member – 1 st Ward	Tom Hagarty
Council Member – 2 nd Ward	Susan deBuhr
Council Member – 3 rd Ward	John Runchey
Council Member – 4 th Ward	Mare Madsen Schmidt
Council Member – 5 th Ward	Frank Darrah
Council Member – At Large	Nick Taiber
Council Member – At Large	Dave Wieland
Administrative Services Director	Richard L. McAlister
Developmental Services Director	Ron Gaines
Human & Leisure Services Director	Mark Ripplinger
Fire Chief	John Schilling
Police Chief	Jeff Olson
Public Works Director	Bruce Sorensen
City Attorney	Steve Moore
Finance Manager/City Clerk	Jennifer Rodenbeck
Information Systems Manager	Laurene Saathoff
Cable TV Manager	Denny Bowman
City Engineer	Randy Lorenzen
City Planner	Marty Ryan
Community Services Manager	Robert Seymour
Inspection Services Manager	Craig Witry
Acting Cultural Services Manager	Emily Drennen
Recreation Division Manager	Bruce Verink
Visitors & Tourism Manager	Kimberly Manning
Cedar Falls Public Library Director	Sheryl McGovern
Operations and Maintenance Manager	Brian Heath
Water Reclamation Manager	Lyle Krueger
Cedar Falls Utilities General Manager	Jim Krieg

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cedar Falls Utilities, which represent the entire assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cedar Falls Utilities, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cedar Falls, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, under separate cover, dated September 27, 2013, on our consideration of the City of Cedar Falls, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Eide Bailly LLP

Dubuque, Iowa
September 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Cedar Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter found on pages 1 – 10 of this report.

2013 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities decreased 6.56%, or \$3,682,714, from fiscal year 2012 to fiscal year 2013. Property taxes increased \$893,816 for all activities.
- Program expenses of the City's Governmental activities increased 2.44%, or \$1,009,562 in fiscal year 2013 from fiscal year 2012. Public Safety expenses increased by \$1,029,534 and Public Works expenses decreased by \$1,061,710.
- The City's net position increased 4.02%, or \$11,918,108, from June 30, 2012 to June 30, 2013. Of this amount, the net position of the governmental activities increased by \$8,113,574 and the net position of the business-type activities increased by \$3,804,534.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and present an overall view of the City's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the Internal Service Funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City of Cedar Falls in a better financial position at the end of the fiscal year, compared to last year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the

accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, streets, fire, police, parks, recreation, library, and housing and block grant assistance. Property taxes, local option sales taxes, road use taxes, and federal and state grants finance most of these activities.
- Business-type activities – The City of Cedar Falls charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer, refuse, and storm water are reported in this section.

The Government-wide financial statements can be found on pages 31 - 34 of this report.

Fund Financial Statements

The Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Hospital Fund, TIF Fund, Street Repair Fund, Street Construction Fund, Debt Service Fund, FEMA Fund, and Bond Fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Governmental Fund Financial Statements can be found on pages 35 - 39 of this report.

- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, refuse and storm water activities.

Internal Service Funds are used to accumulate and allocate costs internally. The City uses internal service funds for its information systems, vehicle maintenance, and various risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund, Refuse Fund, and Storm Water Fund, all of which are considered major funds. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Proprietary Fund Financial Statements can be found on pages 40 - 45 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the change in the net position for governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and						
other assets	\$ 107,527,954	\$ 106,608,386	\$ (4,381,386)	\$ 1,255,950	\$ 103,146,568	\$ 107,864,336
Capital assets	163,936,827	162,574,422	83,715,207	74,092,070	247,652,034	236,666,492
Total assets	271,464,781	269,182,808	79,333,821	75,348,020	350,798,602	344,530,828
Long-term debt	\$ 8,622,236	\$ 11,345,500	\$ 3,152,973	\$ 3,763,871	\$ 11,775,209	\$ 15,109,371
Other liabilities	28,488,990	31,597,327	2,114,941	1,322,776	30,603,931	32,920,103
Total liabilities	\$ 37,111,226	\$ 42,942,827	\$ 5,267,914	\$ 5,086,647	\$ 42,379,140	\$ 48,029,474
Net assets:						
Net investment						
in capital assets	\$ 155,314,591	\$ 151,130,097	\$ 79,677,940	\$ 70,328,202	\$ 234,992,531	\$ 221,458,299
Restricted	24,150,307	24,405,828	9,500	9,500	24,159,807	24,415,328
Unrestricted	54,888,657	50,704,056	(5,621,533)	(76,329)	49,267,124	50,627,727
Total net position	\$ 234,353,555	\$ 226,239,981	\$ 74,065,907	\$ 70,261,373	\$ 308,419,462	\$ 296,501,354

Net position of governmental activities increased from FY12 by approximately \$8.1 million, or 3.59%. This increase was due primarily to the continued strength of the property tax base and the small amount of general obligation debt outstanding by the City. Net position of business-type activities increased from FY12 by approximately \$3.8 million, or 5.41%. This increase was due to new assets constructed or being constructed. These assets include the new Public Works complex, the disinfection project and the Bluff Street liftstation. In addition, this was the seventh year that storm water fees were collected. The largest portion of the City's net position is the net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, bond covenants, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations are approximately \$49 million at the end of the year.

For the year ended June 30, 2013, net position changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for						
services	\$ 4,911,766	\$ 5,099,756	\$ 8,461,470	\$ 8,469,215	\$ 13,373,236	\$ 13,568,971
Operating grants						
and contributions	2,098,639	1,695,117	-	-	2,098,639	1,695,117
Capital grants and						
contributions	6,479,932	11,529,905	577,411	140,450	7,057,343	11,670,355
General Revenues						
Property taxes	24,695,940	23,802,124	-	-	24,695,940	23,802,124
Local Option Sales Tax	4,793,027	5,062,220	-	-	4,793,027	5,062,220
Hotel/Motel Tax & Other	751,577	692,486	-	-	751,577	692,486
Use of money and						
property	1,268,202	1,275,402	38,886	36,137	1,307,088	1,311,539
Intergovernmental	4,405,345	4,296,073	-	-	4,405,345	4,296,073
Miscellaneous	1,375,437	1,014,890	-	-	1,375,437	1,014,890
Gain on Sale of assets	--	6,606	-	-	-	6,606
Utility contribution	1,637,000	1,625,000	-	-	1,637,000	1,625,000
Total revenues	\$ 52,416,865	\$ 56,099,579	\$ 9,077,767	\$ 8,645,802	\$ 61,494,632	\$ 64,745,381
Expenses						
Public safety	\$ 9,491,677	\$ 8,462,143	\$ -	\$ -	\$ 9,491,677	\$ 8,462,143
Public works	11,909,568	12,971,278	-	-	11,909,568	12,971,278
Health and social						
services	320,864	316,339	-	-	320,864	316,339
Culture and						
recreation	7,262,110	7,098,908	-	-	7,262,110	7,098,908
Community and						
economic						
development	8,357,058	7,815,848	-	-	8,357,058	7,815,848
General government	4,890,409	4,333,403	-	-	4,890,409	4,333,403
Debt service	228,173	452,378	-	-	228,173	452,378
Sewer	-	-	3,617,688	3,336,990	3,617,688	3,336,990
Refuse	-	-	2,770,264	2,492,305	2,770,264	2,492,305
Storm Water	-	-	728,713	722,991	728,713	722,991
Total expenses	\$ 42,459,859	\$ 41,450,297	\$ 7,116,665	\$ 6,552,286	\$ 49,576,524	\$ 48,002,583
Increase in net position						
before transfers	\$ 9,957,006	\$ 14,649,282	\$ 1,961,102	\$ 2,093,516	\$ 11,918,108	\$ 16,742,798
Transfers	(1,843,432)	(8,919,154)	1,843,432	8,919,154	-	-
Increase in net position	\$ 8,113,574	\$ 5,730,128	\$ 3,804,534	\$ 11,012,670	\$ 11,918,108	\$ 16,742,798
Net position, beginning	226,239,981	220,509,853	70,261,373	59,248,703	296,501,354	279,758,556
Net position, ending	\$ 234,353,555	\$ 226,239,981	\$ 74,065,907	\$ 70,261,373	\$ 308,419,462	\$ 296,501,354

Property taxes increased by approximately \$893,000 from FY12 due to increased taxable valuations. FEMA grants for property buyouts related to the 2008 Flood received in FY12, caused capital grants and contributions to decrease for FY13.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$64,696,852. \$548,225 is nonspendable for inventory. \$25,435,109 is restricted for TIF, debt service, road use tax funds, local option sales tax, employee retirement systems, bond proceeds and various grants. \$16,551,115 is committed for the City's health trust fund and parking fund. \$16,376,887 is assigned for recreational capital funds, police forfeiture funds, economic development and capital improvements. This leaves \$5,785,516 for unassigned fund balances in the governmental funds.

The Governmental fund balances increased by \$4,880,073, or 8.16%. This increase was due in part to the increase in the FEMA Fund.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,978,807, while the total fund balance totaled \$9,037,503. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unassigned fund balance represents 33.51% of the total General Fund expenditures, while the total fund balance represents 43.39% of that same amount.

The following fund balances in the other major funds, which comprise the Total Governmental Funds are listed below:

	FY13 Amount	FY12 Amount	Increase (Decrease)
Hospital Fund	\$ 15,718,851	\$ 15,274,921	\$ 443,930
TIF Fund	15,435	19,202	(3,767)
Street Repair Fund	12,609,671	13,671,249	(1,061,578)
Street Construction Fund	6,012,776	5,121,413	891,363
Debt Service Fund	318,846	261,876	56,970
FEMA Fund	(529,170)	(4,278,871)	3,749,701
Bond Fund	(644,688)	(48,808)	(595,880)
Other Governmental Funds	22,157,628	20,846,343	1,311,285

The FEMA Fund had the largest increase in fund balance due to the reimbursements received for projects related to the 2008 Flood.

The Street Repair Fund had a decrease in fund balance due to many projects being able to be completed during FY13.

The Hospital Fund had an increase in fund balance due to the fewer projects being funded by the Health Trust Board.

The Street Construction Fund had an increase in fund balance due to the increase in road use taxes received. Road use tax funds have increased due to the population increase in Cedar Falls which causes the formula to be revised.

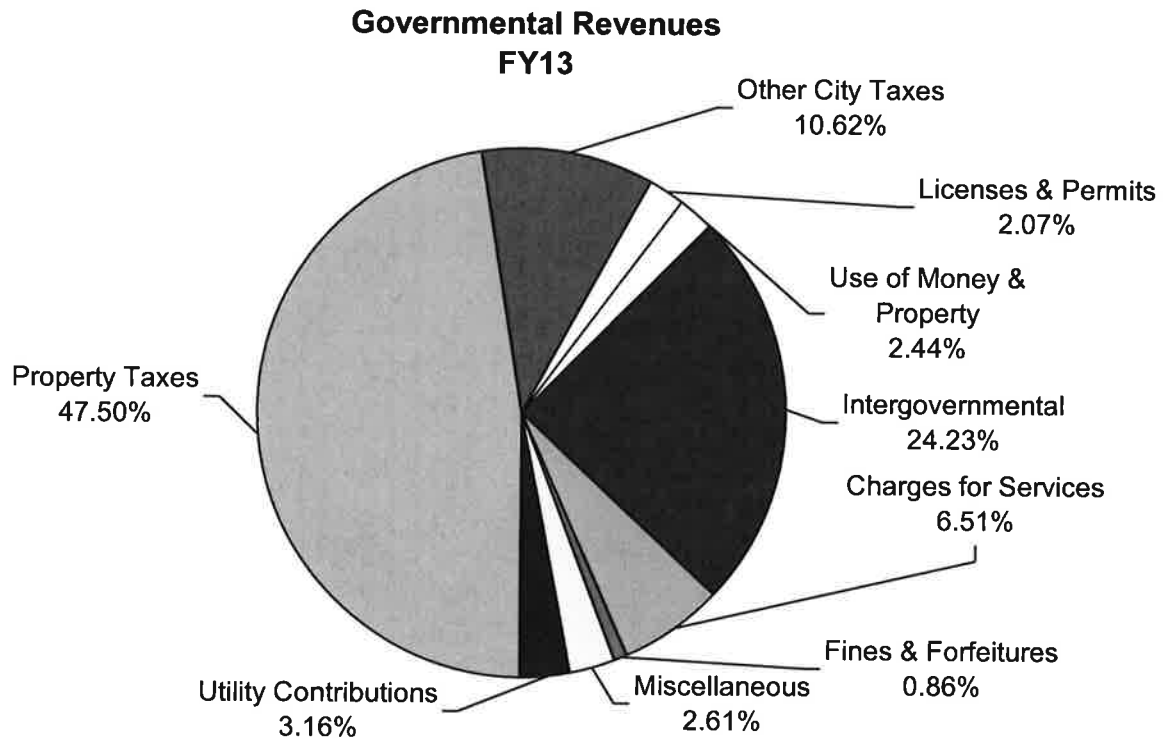
The Bond Fund had a decrease in fund balance due to bond proceeds received in prior years being spent out on various projects.

The Other Governmental Funds had an increase in fund balance due to the increase in the Capital Improvements Fund. This increase was the result of the Fund being paid back for cashflowing various Capital Projects.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2013 and June 30, 2012.

Revenues	FY13 Amount	Percent of Total	FY12 Amount	Increase (Decrease) from FY12	Percent of Increase (Decrease)
Property taxes and assessments	\$ 24,696,783	47.50 %	\$ 23,766,846	\$ 929,937	16.89 %
Other city taxes	5,519,022	10.62	5,755,920	(236,898)	(4.30)
Licenses and permits	1,076,186	2.07	1,162,401	(86,215)	(1.57)
Use of money and property	1,268,202	2.44	1,275,402	(7,200)	(0.13)
Intergovernmental	12,599,954	24.23	18,920,930	(6,320,976)	(114.82)
Charges for services	3,386,415	6.51	3,507,339	(120,924)	(2.20)
Fines and forfeitures	449,165	0.86	430,016	19,149	0.35
Miscellaneous	1,358,192	2.61	1,052,265	305,927	5.56
Utility contribution in lieu of taxes	1,637,000	3.16	1,625,000	12,000	0.22
	<u>\$ 51,990,919</u>	<u>100.00 %</u>	<u>\$ 57,496,119</u>	<u>\$ (5,505,200)</u>	<u>100.00 %</u>

The most significant decrease in revenues was in intergovernmental. The decrease was due to the receipt of FEMA disaster assistance payments and IJOBS grant revenues for the new Public Works Complex in FY12. The most significant increase was in property taxes. The increase was due to increased property tax valuation due to the change in the residential rollback factor.



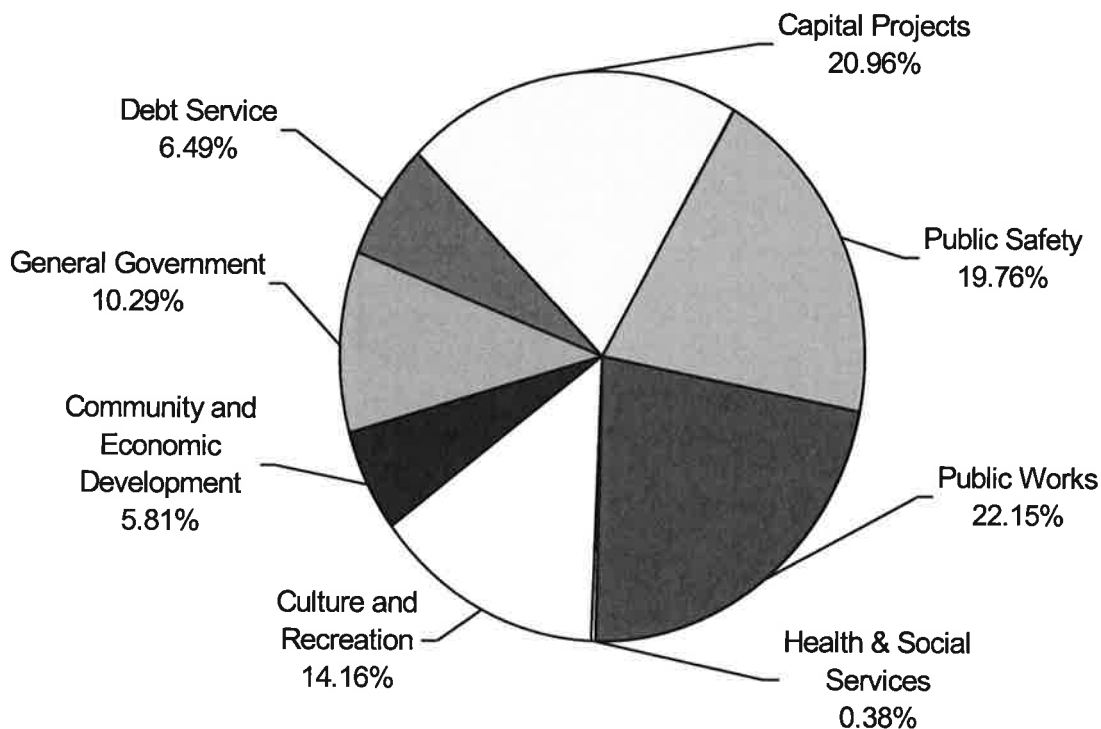
The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2013 and June 30, 2012.

Expenditures	FY13 Amount	Percent of Total	FY12 Amount	Increase (Decrease) from FY12	Percent of Increase (Decrease)
Public Safety	\$ 8,999,942	19.76 %	\$ 8,375,158	\$ 624,784	22.69 %
Public Works	10,089,252	22.15	10,810,336	(721,084)	(26.19)
Health & Social Services	172,284	0.38	167,759	4,525	0.16
Culture & Recreation	6,449,626	14.16	6,410,049	39,577	1.44
Community and Economic Development	2,646,490	5.81	2,447,212	199,278	7.24
General Government	4,684,063	10.29	4,775,981	(91,918)	(3.34)
Debt Service	2,956,009	6.49	3,918,383	(962,374)	(34.95)
Capital Projects	9,544,629	20.96	11,390,660	(1,846,031)	(67.05)
	<u>\$ 45,542,295</u>	<u>100.00 %</u>	<u>\$ 48,295,538</u>	<u>\$ (2,753,243)</u>	<u>100.00 %</u>

The most significant decrease in expenditures occurred in the capital projects function. This was due to several projects occurring during FY12, including disaster recovery expenditures.

The most significant increase in expenditures occurred in Public Safety. This was due to increased pension costs as set by the State of Iowa.

Governmental Expenditures FY13



Proprietary Funds

City of Cedar Falls proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

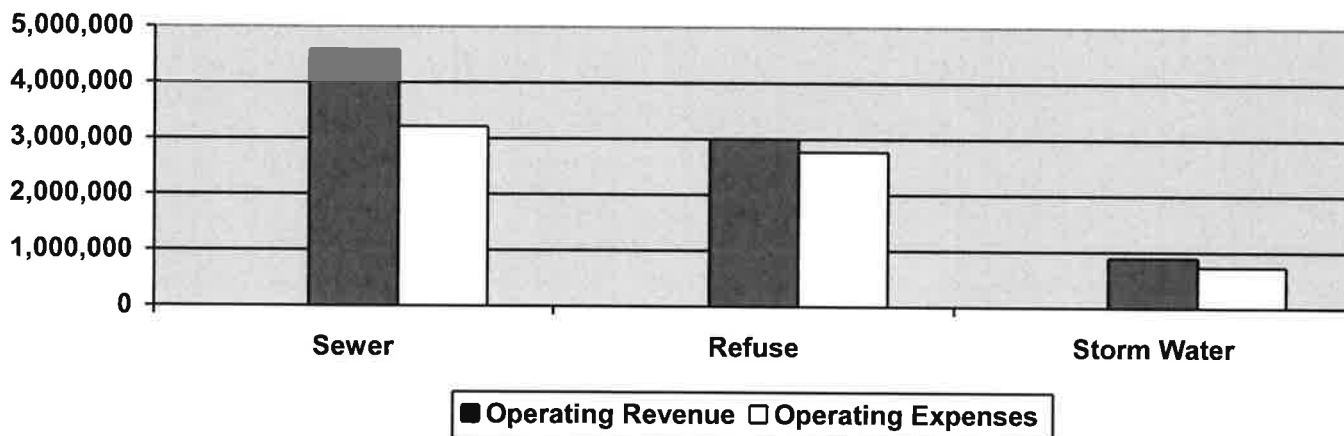
Net position of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$74,065,907. There are net position in the Governmental Activities Internal Service fund of \$15,126,691.

These funds were established for the City operations that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered, in whole or in part, through user charges.

The City's enterprise operations are comprised of three separate and distinct activities: Sewer, Refuse and Storm Water. Results of operations for these funds for the years ended June 30, 2013 and June 30, 2012 are as follows:

	Sewer		Refuse		Storm Water	
	2013	2012	2013	2012	2013	2012
Operating Revenues	\$ 4,574,181	\$ 4,313,923	\$ 2,996,396	\$ 3,328,306	\$ 890,893	\$ 826,986
Operating Expenses	3,208,163	2,856,740	2,770,264	2,488,868	728,713	722,991
Non-Operating Rev (Exp)	(387,334)	(460,314)	9,712	6,079	6,983	6,685
Capital Contributions	178,978	77,480	-	-	398,433	62,970
Operating Transfers, net	1,633,090	5,028,445	210,342	4,143,060	--	(252,351)
Change in Net Position	2,790,752	6,102,794	446,186	4,988,577	567,596	(78,701)

**Proprietary Fund Operating Revenues & Expenses
FY13**



BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget two times. These amendments were done in January and May 2013. The amendments were needed due to the City's participation in the Jumpstart, Buyout, Demolition, and Public Assistance Federal & State Programs. At the end of the year, the City did not exceed the amended budgeted amounts in any of its functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013, the City had approximately \$248 million invested in capital assets including police and fire equipment, public buildings, park facilities, roads, bike trails, bridges, water treatment facilities, sanitary sewer lines, and storm water improvements. (See Table following.) This represents a net increase of approximately \$11 million or 4.64% over last year.

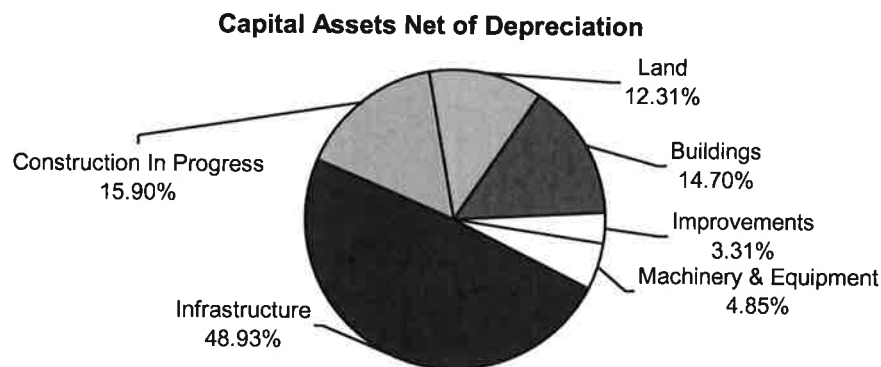
City of Cedar Falls Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 28,867,975	\$ 28,703,869	\$ 1,612,581	\$ 1,612,581	\$ 30,480,556	\$ 30,316,450
Buildings	18,419,051	19,077,238	17,988,157	18,421,670	36,407,208	37,498,908
Improvements other than buildings	8,195,797	8,666,142	-	-	8,195,797	8,666,142
Machinery and equipment	6,674,726	6,954,815	5,324,374	5,457,929	11,999,100	12,412,744
Infrastructure	90,353,811	86,908,330	30,831,125	30,874,644	121,184,936	117,782,974
Construction in progress	11,425,467	12,264,028	27,958,970	17,725,246	39,384,437	29,989,274
Total	<u>\$ 163,936,827</u>	<u>\$ 162,574,422</u>	<u>\$ 83,715,207</u>	<u>\$ 74,092,070</u>	<u>\$ 247,652,034</u>	<u>\$ 236,666,492</u>

Major capital asset events during the current fiscal year included the following:

- Hwy 58 Pedestrian Bridge.
- Bluff Street Liftstation.
- Northern Industrial Park.
- Ridgeway Avenue.
- Treatment Facility Disinfection.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.



Debt

At year-end, the City had \$11,610,000 in outstanding bonds compared to \$14,910,000 last year. That is a decrease of \$3,300,000 or 22.13%.

City of Cedar Falls Outstanding Debt General Obligation Debt

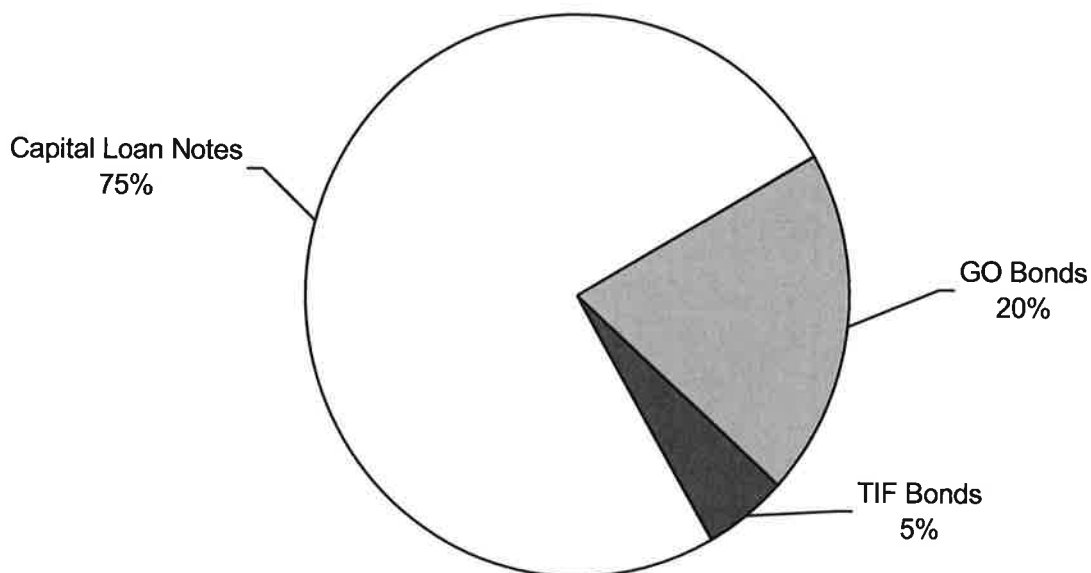
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ —	\$ —	\$ 2,335,000	\$ 2,755,000	\$ 2,335,000	\$ 2,755,000
Tax increment financing	575,000	1,125,000	—	—	575,000	1,125,000
Capital loan notes	8,075,000	10,210,000	625,000	820,000	8,700,000	11,030,000
Total	\$ 8,650,000	\$ 11,335,000	\$ 2,960,000	\$ 3,575,000	\$ 11,610,000	\$ 14,910,000

The City of Cedar Falls was upgraded to a Aa1 rating from Moody's Investor Services for all general obligation issuances. This was a result of Moody's recalibrating their U.S. municipal rating scale.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total assessed valuation. As of June 30, 2013, the City's legal debt margin was \$119,762,511.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

City of Cedar Falls Outstanding Debt FY13



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the state legislative session in 2004, the legislature permanently eliminated certain state funding to local governments starting with FY2005 and will continue in all future years. This along with the continuation of the state rollback on residential properties greatly affects the City's general operating fund.

Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY14. The tax levy rate per \$1,000 of taxable valuation for FY14 is provided below:

General levy	\$ 8.10
Trust and Agency levy	2.76
Debt Service levy	.56
Transit levy	.21
Library levy	.27
Liability Insurance levy	.10
Emergency Management levy	.00
Municipal Band levy	<u>.02</u>
Total levy	\$ 12.02

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City's discretely presented component units, Cedar Falls Utilities, have separately issued financial statements. If you have questions about this report or need additional information, contact the Department of Administrative Services, 220 Clay Street, Cedar Falls, Iowa 50613.

City of Cedar Falls, Iowa
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 61,017,101	\$ 9,732,421	\$ 70,749,522
Certificates of Deposit	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	21,855,175	--	21,855,175
Other city taxes	979,860	--	979,860
Accrued interest	64,720	11,977	76,697
Special assessments	44,163	--	44,163
Notes from associated company	--	--	--
Customers	--	--	--
Human & Leisure services contributions	3,925,645	--	3,925,645
Other	959,113	1,145,520	2,104,633
Due from component unit	850,000	--	850,000
Internal balances	15,340,000	(15,340,000)	--
Due from other governments	1,615,165	--	1,615,165
Inventories	877,012	68,696	945,708
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	--	--
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Capital assets:			
Land	28,867,975	1,612,581	30,480,556
Land improvements	13,155,356	--	13,155,356
Buildings	27,818,640	23,933,783	51,752,423
Machinery and equipment	17,153,865	7,964,022	25,117,887
Infrastructure	163,497,944	45,857,843	209,355,787
Construction in progress	11,425,467	27,958,970	39,384,437
Accumulated depreciation	(97,982,420)	(23,611,992)	(121,594,412)
Total assets	<u>\$ 271,464,781</u>	<u>\$ 79,333,821</u>	<u>\$ 350,798,602</u>
LIABILITIES			
Accounts payable	\$ 2,624,404	\$ 1,546,705	\$ 4,171,109
Accrued liabilities	1,028,432	76,962	1,105,394
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Unearned revenue	21,789,027	--	21,789,027
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,775,000	635,000	3,410,000
Compensated absences	841,889	138,633	980,522
Portion due or payable after one year:			
Bonds payable	5,847,236	2,517,973	8,365,209
Compensated absences	1,862,099	352,641	2,214,740
Net OPEB liability	343,139	--	343,139
Total liabilities	<u>\$ 37,111,226</u>	<u>\$ 5,267,914</u>	<u>\$ 42,379,140</u>
NET POSITION			
Net investment in capital assets	\$ 155,314,591	\$ 79,677,940	\$ 234,992,531
Restricted:			
Streets	18,531,342	--	18,531,342
Debt service	318,846	--	318,846
Employee retirement system	5,284,684	--	5,284,684
TIF	15,435	--	15,435
Post closure costs	--	9,500	9,500
Unrestricted	54,888,657	(5,621,533)	49,267,124
Total net position	<u>\$ 234,353,555</u>	<u>\$ 74,065,907</u>	<u>\$ 308,419,462</u>

See notes to financial statements

Component Units			
Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 25,140,464	\$ 7,782,233	\$ 3,704,010	\$ 2,341,894
4,863,620	--	--	--
--	--	--	--
--	--	--	--
50,292	5,006	13	4,448
--	--	--	--
738,090	3,000,000	--	--
4,125,443	1,562,201	419,347	1,709,011
--	--	--	--
3,810,364	688,445	548,845	1,005,181
--	--	--	--
--	--	--	--
7,088,038	144,501	72,035	502,746
8,165,964	136,449	110,378	1,183,414
883,693	36,307	24,687	216,366
--	--	--	--
3,416,021	163,206	72,494	259,544
6,719,750	--	--	340,000
2,743,250	--	--	1,321,858
--	--	--	--
1,326,855	39,835	63,466	--
4,683	--	--	--
25,745,195	2,029,561	838,873	--
20,862,151	652,815	376,977	18,042,813
145,179,355	18,388,514	28,285,949	17,205,059
19,422,336	1,146,341	572,606	1,410,409
(78,980,669)	(9,824,603)	(8,981,686)	(7,431,058)
<u>\$ 201,304,895</u>	<u>\$ 25,950,811</u>	<u>\$ 26,107,994</u>	<u>\$ 38,111,685</u>
\$ 5,973,191	\$ 1,267,263	\$ 154,492	\$ 2,217,831
5,210,181	567,454	145,026	584,733
1,430,000	--	--	--
--	--	--	3,738,090
--	--	--	--
2,590,000	--	--	1,595,000
--	--	--	--
48,361,300	--	--	14,119,021
738,286	685,821	624,408	1,047,349
721,526	165,403	115,210	86,664
<u>\$ 65,024,484</u>	<u>\$ 2,685,941</u>	<u>\$ 1,039,136</u>	<u>\$ 23,388,688</u>
\$ 87,762,796	\$ 12,432,463	\$ 21,156,185	\$ 9,775,113
--	--	--	--
6,803,487	--	--	1,852,120
--	--	--	--
--	--	--	--
--	--	--	--
41,714,128	10,832,407	3,912,673	3,095,764
<u>\$ 136,280,411</u>	<u>\$ 23,264,870</u>	<u>\$ 25,068,858</u>	<u>\$ 14,722,997</u>

City of Cedar Falls, Iowa
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 9,491,677	\$ 673,860	\$ 172,475	\$ --
Public works	11,909,568	204,592	--	6,479,932
Health and social services	320,864	--	--	--
Culture and recreation	7,262,110	2,400,747	346,880	--
Community and economic development	8,357,058	--	1,579,284	--
General government	4,890,409	1,632,567	--	--
Interest on long-term debt and related fees	228,173	--	--	--
Total governmental activities	<u>\$ 42,459,859</u>	<u>\$ 4,911,766</u>	<u>\$ 2,098,639</u>	<u>\$ 6,479,932</u>
Business-type activities:				
Sewer	\$ 3,617,688	\$ 4,574,181	\$ --	\$ 178,978
Refuse	2,770,264	2,996,396	--	--
Storm Water	728,713	890,893	--	398,433
Total business-type activities	<u>\$ 7,116,665</u>	<u>\$ 8,461,470</u>	<u>\$ --</u>	<u>\$ 577,411</u>
Total primary government	<u>\$ 49,576,524</u>	<u>\$ 13,373,235</u>	<u>\$ 2,098,639</u>	<u>\$ 7,057,343</u>
Component units				
Electric Utility	\$ 44,734,893	\$ 52,331,653	\$ --	\$ 4,528,905
Gas Utility	9,421,934	10,318,526	--	570,795
Water Utility	3,003,090	3,918,126	--	877,513
Communications Utility	13,669,240	14,574,001	--	482,690
Total component units	<u>\$ 70,829,157</u>	<u>\$ 81,142,306</u>	<u>\$ --</u>	<u>\$ 6,459,903</u>

General revenues:

Property taxes and assessments

Local option sales tax

Hotel/motel taxes

Other city taxes

Use of money and property

Intergovernmental, not restricted to specific programs

Miscellaneous

Utility contribution in lieu of taxes

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See notes to financial statements

Net (Expense) Revenue and Changes in net position

Governmental Activities	Primary Government		Component Units			
	Business-type Activities	Total	Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ (8,645,342)	\$ --	\$ (8,645,342)	\$ --	\$ --	\$ --	\$ --
(5,225,044)	--	(5,225,044)	--	--	--	--
(320,864)	--	(320,864)	--	--	--	--
(4,514,483)	--	(4,514,483)	--	--	--	--
(6,777,774)	--	(6,777,774)	--	--	--	--
(3,257,842)	--	(3,257,842)	--	--	--	--
(228,173)	--	(228,173)	--	--	--	--
<u>\$ (28,969,522)</u>	<u>\$ --</u>	<u>\$ (28,969,522)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,135,471	\$ 1,135,471	\$ --	\$ --	\$ --	\$ --
--	226,132	226,132	--	--	--	--
--	560,613	560,613	--	--	--	--
<u>\$ --</u>	<u>\$ 1,922,216</u>	<u>\$ 1,922,216</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (28,969,522)</u>	<u>\$ 1,922,216</u>	<u>\$ (27,047,306)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 12,125,665	\$ --	\$ --	\$ --
--	--	--	--	1,467,387	--	--
--	--	--	--	--	1,792,549	--
--	--	--	--	--	--	1,387,451
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,125,665</u>	<u>\$ 1,467,387</u>	<u>\$ 1,792,549</u>	<u>\$ 1,387,451</u>
\$ 24,695,940	\$ --	\$ 24,695,940	\$ --	\$ --	\$ --	\$ --
4,793,027	--	4,793,027	--	--	--	--
641,404	--	641,404	--	--	--	--
110,173	--	110,173	--	--	--	--
1,268,202	38,886	1,307,088	100,790	14,060	243	6,006
4,405,345	--	4,405,345	--	--	--	--
1,375,437	--	1,375,437	--	--	--	--
1,637,000	--	1,637,000	--	--	--	--
(1,843,432)	1,843,432	--	--	--	--	--
<u>\$ 37,083,096</u>	<u>\$ 1,882,318</u>	<u>\$ 38,965,414</u>	<u>\$ 100,790</u>	<u>\$ 14,060</u>	<u>\$ 243</u>	<u>\$ 6,006</u>
\$ 8,113,574	\$ 3,804,534	\$ 11,918,108	\$ 12,226,455	\$ 1,481,447	\$ 1,792,792	\$ 1,393,457
226,239,981	70,261,373	296,501,354	124,053,956	21,783,423	23,276,066	13,329,540
<u>\$ 234,353,555</u>	<u>\$ 74,065,907</u>	<u>\$ 308,419,462</u>	<u>\$ 136,280,411</u>	<u>\$ 23,264,870</u>	<u>\$ 25,068,858</u>	<u>\$ 14,722,997</u>

City of Cedar Falls, Iowa

**Balance Sheet
Governmental Funds
June 30, 2013**

	General Fund	Special Revenue		
		Hospital Fund	TIF Fund	Street Repair Fund
ASSETS				
Cash	\$ 8,387,522	\$ 4,449,430	\$ --	\$ 12,357,526
Receivables, net of allowance for uncollectible amounts:				
Property taxes	17,500,966	--	2,045,522	--
Other city taxes	89,494	--	--	800,872
Accrued interest	20,376	--	--	14,811
Special assessments	--	--	--	--
Human & Leisure services contributions	3,925,645	--	--	--
Other	203,097	543,459	--	192,967
Due from component unit	850,000	--	--	--
Due from other funds	--	--	--	--
Advance to other funds	--	11,255,000	--	--
Due from other governments	36,436	--	--	--
Inventories	241,612	--	--	--
Total assets	<u>\$ 31,255,148</u>	<u>\$ 16,247,889</u>	<u>\$ 2,045,522</u>	<u>\$ 13,366,176</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 386,168	\$ --	\$ --	\$ 707,862
Accrued liabilities	368,260	--	--	--
Unavailable revenue	21,463,217	529,038	2,030,087	48,643
Due to other funds	--	--	--	--
Total liabilities	<u>\$ 22,217,645</u>	<u>\$ 529,038</u>	<u>\$ 2,030,087</u>	<u>\$ 756,505</u>
FUND BALANCES				
Nonspendable	241,612	--	--	--
Restricted	--	--	15,435	12,609,671
Committed	--	15,718,851	--	--
Assigned	1,817,084	--	--	--
Unassigned	6,978,807	--	--	--
Total fund balances	<u>\$ 9,037,503</u>	<u>\$ 15,718,851</u>	<u>\$ 15,435</u>	<u>\$ 12,609,671</u>
Total liabilities and fund balances	<u>\$ 31,255,148</u>	<u>\$ 16,247,889</u>	<u>\$ 2,045,522</u>	<u>\$ 13,366,176</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.

Accrued compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

See notes to financial statements

Special Revenue		Capital Projects			
Street Construction Fund	Debt Service Fund	FEMA Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,524,030	\$ 315,949	\$ --	\$ --	\$ 16,714,455	\$ 47,748,912
--	960,463	--	--	1,348,224	21,855,175
--	--	--	--	89,494	979,860
--	--	--	--	13,380	48,567
--	--	--	--	44,163	44,163
--	--	--	--	--	3,925,645
--	--	--	--	8,987	948,510
--	--	--	--	--	850,000
--	--	--	--	1,413,731	1,413,731
--	--	--	--	4,085,000	15,340,000
321,513	--	310,544	843,145	103,527	1,615,165
283,206	--	--	--	23,407	548,225
<u>\$ 6,128,749</u>	<u>\$ 1,276,412</u>	<u>\$ 310,544</u>	<u>\$ 843,145</u>	<u>\$ 23,844,368</u>	<u>\$ 95,317,953</u>
\$ 81,671	\$ --	\$ 398,637	\$ 393,767	\$ 167,285	\$ 2,135,390
34,302	--	--	--	10,016	412,578
--	957,566	49,042	93,162	1,488,647	26,659,402
--	--	392,035	1,000,904	20,792	1,413,731
<u>\$ 115,973</u>	<u>\$ 957,566</u>	<u>\$ 839,714</u>	<u>\$ 1,487,833</u>	<u>\$ 1,686,740</u>	<u>\$ 30,621,101</u>
283,206	--	--	--	23,407	548,225
5,729,570	318,846	--	--	6,761,587	25,435,109
--	--	--	--	832,264	16,551,115
--	--	--	--	14,559,803	16,376,887
--	--	(529,170)	(644,688)	(19,433)	5,785,516
<u>\$ 6,012,776</u>	<u>\$ 318,846</u>	<u>\$ (529,170)</u>	<u>\$ (644,688)</u>	<u>\$ 22,157,628</u>	<u>\$ 64,696,852</u>
<u>\$ 6,128,749</u>	<u>\$ 1,276,412</u>	<u>\$ 310,544</u>	<u>\$ 843,145</u>	<u>\$ 23,844,368</u>	
					161,247,257
					4,870,375
					15,126,691
					(18,017)
					(2,947,367)
					(8,622,236)
					<u>\$ 234,353,555</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

		Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund	
Revenues:					
Property taxes and assessments	\$ 15,121,936	\$ --	\$ 7,679,979	\$ --	
Other city taxes	414,348	--	--	4,793,027	
Licenses and permits	1,076,186	--	--	--	
Use of money and property	79,054	600,922	--	46,875	
Intergovernmental	829,802	--	--	--	
Charges for services	3,337,424	--	--	--	
Fines and forfeitures	283,084	--	--	--	
Miscellaneous	23,884	542	--	615,890	
Utility contribution in lieu of taxes	1,637,000	--	--	--	
Total revenues	<u>\$ 22,802,718</u>	<u>\$ 601,464</u>	<u>\$ 7,679,979</u>	<u>\$ 5,455,792</u>	
Expenditures:					
Current:					
Public safety	\$ 7,665,379	\$ --	\$ --	\$ --	
Public works	1,464,790	--	--	5,702,990	
Health and social services	14,750	157,534	--	--	
Culture and recreation	6,094,248	--	--	--	
Community and economic development	903,259	--	--	--	
General government	4,684,063	--	--	--	
Debt service	--	--	--	--	
Capital projects	--	--	--	--	
Total expenditures	<u>\$ 20,826,489</u>	<u>\$ 157,534</u>	<u>\$ --</u>	<u>\$ 5,702,990</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,976,229</u>	<u>\$ 443,930</u>	<u>\$ 7,679,979</u>	<u>\$ (247,198)</u>	
Other financing sources (uses):					
Transfers:					
Transfers in	\$ 633,942	\$ --	\$ 766,990	\$ --	
Transfers out	(2,583,045)	--	(8,450,736)	(814,380)	
Total other financing sources (uses)	<u>\$ (1,949,103)</u>	<u>\$ --</u>	<u>\$ (7,683,746)</u>	<u>\$ (814,380)</u>	
Net change in fund balances	<u>\$ 27,126</u>	<u>\$ 443,930</u>	<u>\$ (3,767)</u>	<u>\$ (1,061,578)</u>	
Fund balances, beginning	8,949,454	15,274,921	19,202	13,671,249	
Increase (decrease) in reserve for inventories	60,923	--	--	--	
Fund balances, ending	<u>\$ 9,037,503</u>	<u>\$ 15,718,851</u>	<u>\$ 15,435</u>	<u>\$ 12,609,671</u>	

See notes to financial statements

Special Revenue		Capital Projects				
Street Construction Fund	Debt Service Fund	FEMA Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds	
\$ --	\$ 845,493	\$ --	\$ --	\$ 1,049,375	\$ 24,696,783	
--	3,736	--	--	307,911	5,519,022	
--	--	--	--	--	1,076,186	
--	--	--	3,219	538,132	1,268,202	
3,804,757	--	4,464,326	1,857,492	1,643,577	12,599,954	
--	--	--	--	48,991	3,386,415	
--	--	--	--	166,081	449,165	
3,346	--	--	76,942	637,588	1,358,192	
--	--	--	--	--	1,637,000	
<u>\$ 3,808,103</u>	<u>\$ 849,229</u>	<u>\$ 4,464,326</u>	<u>\$ 1,937,653</u>	<u>\$ 4,391,655</u>	<u>\$ 51,990,919</u>	
\$ --	\$ --	\$ --	\$ --	\$ 1,334,563	\$ 8,999,942	
2,688,394	--	--	--	233,078	10,089,252	
--	--	--	--	--	172,284	
--	--	--	--	355,378	6,449,626	
--	--	--	--	1,743,231	2,646,490	
--	--	--	--	--	4,684,063	
--	2,956,009	--	--	--	2,956,009	
--	--	1,764,779	3,382,280	4,397,570	9,544,629	
<u>\$ 2,688,394</u>	<u>\$ 2,956,009</u>	<u>\$ 1,764,779</u>	<u>\$ 3,382,280</u>	<u>\$ 8,063,820</u>	<u>\$ 45,542,295</u>	
<u>\$ 1,119,709</u>	<u>\$ (2,106,780)</u>	<u>\$ 2,699,547</u>	<u>\$ (1,444,627)</u>	<u>\$ (3,672,165)</u>	<u>\$ 6,448,624</u>	
\$ 5,495	\$ 2,163,750	\$ 3,574,665	\$ 1,060,704	\$ 5,092,148	\$ 13,297,694	
(280,890)	--	(2,524,511)	(211,957)	(111,350)	(14,976,869)	
<u>\$ (275,395)</u>	<u>\$ 2,163,750</u>	<u>\$ 1,050,154</u>	<u>\$ 848,747</u>	<u>\$ 4,980,798</u>	<u>\$ (1,679,175)</u>	
\$ 844,314	\$ 56,970	\$ 3,749,701	\$ (595,880)	\$ 1,308,633	\$ 4,769,449	
5,121,413	261,876	(4,278,871)	(48,808)	20,846,343	59,816,779	
47,049	--	--	--	2,652	110,624	
<u>\$ 6,012,776</u>	<u>\$ 318,846</u>	<u>\$ (529,170)</u>	<u>\$ (644,688)</u>	<u>\$ 22,157,628</u>	<u>\$ 64,696,852</u>	

City of Cedar Falls, Iowa
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$	4,769,449
--------------------------------------------------------	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Net acquisition of capital assets	8,392,833	
Depreciation expense	<u>(6,795,933)</u>	
		1,596,900

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Other	<u>(183,926)</u>	(183,926)
-------	------------------	-----------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position. Current year repayments exceeded issues, as follows:

Discount on general obligation bonds	38,262	
Repaid	2,685,000	
Accrued interest	<u>4,572</u>	
		2,727,834

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	1,194	
Other postemployment benefits	(67,810)	
Change in inventory	<u>110,623</u>	
		44,007

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Change in net position of governmental activities	\$	<u><u>8,113,574</u></u>
---------------------------------------------------	----	-------------------------

See notes to financial statements

City of Cedar Falls, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Fund	
	Sewer Fund	Refuse Fund
ASSETS		
Current assets:		
Cash	\$ 4,943,465	\$ 2,740,373
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	6,921	2,916
Other	741,598	366,850
Inventories	40,937	27,759
Total current assets	<u>\$ 5,732,921</u>	<u>\$ 3,137,898</u>
Noncurrent assets:		
Capital assets:		
Land	\$ 779,878	\$ 204,845
Buildings	11,595,276	12,338,507
Machinery and equipment	5,506,588	2,457,434
Infrastructure	29,629,206	--
Construction in progress	27,921,785	14,666
Accumulated depreciation	(16,716,752)	(1,969,065)
Total noncurrent assets	<u>\$ 58,715,981</u>	<u>\$ 13,046,387</u>
Total assets	<u>\$ 64,448,902</u>	<u>\$ 16,184,285</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,487,753	\$ 46,596
Accrued liabilities	53,530	19,291
Bonds payable - due within one year	635,000	--
Compensated absences - due within one year	76,255	55,451
Total current liabilities	<u>\$ 2,252,538</u>	<u>\$ 121,338</u>
Noncurrent liabilities:		
Bonds payable- after one year	\$ 2,517,973	\$ --
Advance from other funds	15,340,000	--
Compensated absences - after one year	119,479	217,041
Total noncurrent liabilities	<u>\$ 17,977,452</u>	<u>\$ 217,041</u>
Total liabilities	<u>\$ 20,229,990</u>	<u>\$ 338,379</u>
NET POSITION		
Net investment in capital assets	\$ 54,678,714	\$ 13,046,387
Restricted for post closure costs	--	9,500
Unrestricted	(10,459,802)	2,790,019
Total net position	<u>\$ 44,218,912</u>	<u>\$ 15,845,906</u>

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 2,048,583	\$ 9,732,421	\$ 13,268,189
2,140	11,977	16,153
37,072	1,145,520	10,603
--	68,696	328,787
<u>\$ 2,087,795</u>	<u>\$ 10,958,614</u>	<u>\$ 13,623,732</u>
\$ 627,858	\$ 1,612,581	\$ --
--	23,933,783	90,302
--	7,964,022	7,649,361
16,228,637	45,857,843	--
22,519	27,958,970	--
(4,926,175)	(23,611,992)	(5,050,093)
<u>\$ 11,952,839</u>	<u>\$ 83,715,207</u>	<u>\$ 2,689,570</u>
<u>\$ 14,040,634</u>	<u>\$ 94,673,821</u>	<u>\$ 16,313,302</u>
\$ 12,356	\$ 1,546,705	\$ 489,014
4,141	76,962	597,837
--	635,000	--
6,927	138,633	44,606
<u>\$ 23,424</u>	<u>\$ 2,397,300</u>	<u>\$ 1,131,457</u>
\$ --	\$ 2,517,973	\$ --
--	15,340,000	--
16,121	352,641	55,154
<u>\$ 16,121</u>	<u>\$ 18,210,614</u>	<u>\$ 55,154</u>
<u>\$ 39,545</u>	<u>\$ 20,607,914</u>	<u>\$ 1,186,611</u>
\$ 11,952,839	\$ 79,677,940	\$ 2,689,570
--	9,500	--
2,048,250	(5,621,533)	12,437,121
<u>\$ 14,001,089</u>	<u>\$ 74,065,907</u>	<u>\$ 15,126,691</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services	\$ 4,572,082	\$ 2,450,482
Other	2,099	545,914
Total operating revenues	<u>\$ 4,574,181</u>	<u>\$ 2,996,396</u>
Operating expenses:		
Personal services	\$ 1,192,506	\$ 1,128,444
Contractual services	782,117	1,140,222
Supplies and equipment	279,468	84,352
Depreciation	954,072	417,246
Total operating expenses	<u>\$ 3,208,163</u>	<u>\$ 2,770,264</u>
Operating income	<u>\$ 1,366,018</u>	<u>\$ 226,132</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 22,191	\$ 9,712
Interest expense	(409,525)	--
Gain (loss) on disposal of equipment	--	--
Nonoperating revenues (expenses), net	<u>\$ (387,334)</u>	<u>\$ 9,712</u>
Income before contributions and transfers	<u>\$ 978,684</u>	<u>\$ 235,844</u>
Capital contributions	\$ 178,978	\$ --
Transfers in	2,431,073	343,792
Transfers out	(797,983)	(133,450)
Contributions and transfers, net	<u>\$ 1,812,068</u>	<u>\$ 210,342</u>
Change in net position	<u>\$ 2,790,752</u>	<u>\$ 446,186</u>
Net position, beginning	41,428,160	15,399,720
Net position, ending	<u><u>\$ 44,218,912</u></u>	<u><u>\$ 15,845,906</u></u>

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 823,814	\$ 7,846,378	\$ 6,311,468
67,079	615,092	204,351
<u>\$ 890,893</u>	<u>\$ 8,461,470</u>	<u>\$ 6,515,819</u>
\$ 223,050	\$ 2,544,000	\$ 1,413,894
97,573	2,019,912	4,235,561
17,607	381,427	1,147,335
390,483	1,761,801	418,082
<u>\$ 728,713</u>	<u>\$ 6,707,140</u>	<u>\$ 7,214,872</u>
\$ 162,180	\$ 1,754,330	\$ (699,053)
\$ 6,983	\$ 38,886	\$ 52,757
--	(409,525)	--
--	--	(30,137)
<u>\$ 6,983</u>	<u>\$ (370,639)</u>	<u>\$ 22,620</u>
\$ 169,163	\$ 1,383,691	\$ (676,433)
\$ 398,433	\$ 577,411	\$ --
--	2,774,865	--
--	(931,433)	(164,257)
<u>\$ 398,433</u>	<u>\$ 2,420,843</u>	<u>\$ (164,257)</u>
\$ 567,596	\$ 3,804,534	\$ (840,690)
13,433,493	70,261,373	15,967,381
<u>\$ 14,001,089</u>	<u>\$ 74,065,907</u>	<u>\$ 15,126,691</u>

City of Cedar Falls, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,490,686
Receipts from interfund services	--
Payments to suppliers	(323,299)
Payments to employees	(1,173,442)
Net cash provided by operating activities	<u>\$ 2,993,945</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 2,431,073
Transfers to other funds	(797,983)
Net cash provided by (used for) noncapital financing activities	<u>\$ 1,633,090</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net acquisition of property and equipment	\$ (10,622,148)
Capital contributions	178,978
Advance from other funds	7,700,000
Principal paid on debt maturities	(615,000)
Payments on advance from other funds	(560,000)
Interest paid	(383,166)
Net cash (used for) capital and related financing activities	<u>\$ (4,301,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	\$ 21,479
Net increase (decrease) in cash	<u>\$ 347,178</u>
CASH BALANCES, Beginning	<u>4,596,287</u>
CASH BALANCES, Ending	<u><u>\$ 4,943,465</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 1,366,018
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	954,072
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	(83,078)
Inventories	3,406
Increase (decrease) in accounts payable, accrued and other liabilities	753,527
Net cash provided by operating activities	<u><u>\$ 2,993,945</u></u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 2,957,493	\$ 885,277	\$ 8,333,456	\$ --
--	--	--	6,290,389
(1,256,072)	(108,589)	(1,687,960)	(5,028,784)
(1,107,889)	(219,557)	(2,500,888)	(1,004,492)
<u>\$ 593,532</u>	<u>\$ 557,131</u>	<u>\$ 4,144,608</u>	<u>\$ 257,113</u>
\$ 343,792	\$ --	\$ 2,774,865	\$ --
(133,450)	--	(931,433)	(164,257)
<u>\$ 210,342</u>	<u>\$ --</u>	<u>\$ 1,843,432</u>	<u>\$ (164,257)</u>
\$ (243,002)	\$ (519,789)	\$ (11,384,939)	\$ (213,717)
--	398,433	577,411	--
--	--	7,700,000	--
--	--	(615,000)	--
--	--	(560,000)	--
--	--	(383,166)	--
<u>\$ (243,002)</u>	<u>\$ (121,356)</u>	<u>\$ (4,665,694)</u>	<u>\$ (213,717)</u>
\$ 9,156	\$ 6,704	\$ 37,339	\$ 52,608
\$ 570,028	\$ 442,479	\$ 1,359,685	\$ (68,253)
2,170,345	1,606,104	8,372,736	13,336,442
<u>\$ 2,740,373</u>	<u>\$ 2,048,583</u>	<u>\$ 9,732,421</u>	<u>\$ 13,268,189</u>
\$ 226,132	\$ 162,180	\$ 1,754,330	\$ (699,053)
417,246	390,483	1,761,801	418,082
(52,442)	(5,616)	(141,136)	233,248
(3,702)	--	(296)	(92,015)
6,298	10,084	769,909	396,851
<u>\$ 593,532</u>	<u>\$ 557,131</u>	<u>\$ 4,144,608</u>	<u>\$ 257,113</u>

**CITY OF CEDAR FALLS, IOWA
NOTES TO FINANCIAL STATEMENTS
INDEX**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity
- B. Government-wide and Fund Financial Statements
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
- D. Assets, Liabilities, and Net position or Equity

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Budgetary Information
- B. Deficit Fund Balances

NOTE 3. DETAIL NOTES ON ALL FUNDS

- A. Deposits and Investments
- B. Receivable
- C. Capital Assets
- D. Leases
- E. Long-term Debt
- F. Long-term Liabilities
- G. Interfund Balances
- H. Interfund Transactions

NOTE 4. OTHER NOTES

- A. Retirement Systems
- B. Due To/From Component Unit
- C. Related Party Transactions
- D. Risk Management
- E. Commitments and Contingencies
- F. New Governmental Accounting Standards Board (GASB) Standards

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cedar Falls is a municipal corporation governed by an elected mayor and seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented electric, gas, water, and communications utilities each have a December 31 year end.

Discretely Presented Component Units. The electric, gas, water, and communications utilities serve all the citizens of the City and are governed by a five-member board appointed by the mayor of the City of Cedar Falls. The rates for user charges and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Utilities' debt remains with the City.

Complete financial statements for the Utilities may be obtained at the administrative offices.

Cedar Falls Utilities
Utility Parkway
Cedar Falls, Iowa 50613

Jointly Governed Organizations. The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Black Hawk County Consolidated Public Safety Communications Center, Black Hawk County Solid Waste Management Commission, Black Hawk County Criminal Justice Information Systems and Metropolitan Transit Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the assets and liabilities, with the difference reported as net position. Net position are reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest, fines and forfeitures, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the criteria for accrual has been met.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *hospital fund* accounts for the lease income derived from Sartori Memorial Hospital.

The *TIF fund* accounts for property taxes received through tax increment financing.

The *street repair* fund accounts for local option sales tax received from the state to be used to repair streets.

The *street construction fund* accounts for state revenues allocated to the City to be used to maintain and improve the City's streets.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *FEMA fund* accounts for the proceeds and expenditures related to disaster assistance and recovery.

The *bond fund* accounts for all bond proceeds not related to proprietary funds and all the related capital projects associated with the bond sales.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operations and maintenance of the City's sanitary sewer system.

The *refuse* fund accounts for the operations and maintenance of the City's garbage collection.

The *storm water* fund accounts for the operations and maintenance of the city's storm water system.

Additionally, the City reports the following fund type:

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include data processing, vehicle maintenance, health insurance, health insurance severance, payroll, and risk management activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's refuse and sewer functions and various other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the refuse fund, sewer fund, and the government's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the Utility to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. Investments of the City and the Utility are reported at fair value. Due to legal and budgetary reasons, the General Fund is assigned a portion of the investment earnings associated with the other funds. These funds are Street Construction, Debt Service, and the Cemetery Perpetual Care Funds.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2013, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2012 and March 31, 2013. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Any County collections on the 2012-2013 tax levy remitted to the City within sixty days subsequent to June 30, 2013, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2013, are delinquent and have been recorded as receivables and deferred revenue.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

3. Inventories and Prepaid Items

Inventories in the governmental fund types are valued at cost using the first-in/first-out method. The costs of governmental fund type inventories are recognized as expenditures when purchased. Inventories in the proprietary fund types and component unit are valued at the lower of first-in/first-out cost or market, except for fuel inventories of the Electric Utility, which are valued at the lower of last-in/first-out method cost or market. The cost of proprietary fund type and component unit inventories are recognized as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain assets of the component units are restricted because of applicable bond provisions.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as equipment with initial, individual cost of \$2,500 or greater or a purchase of land, land improvements, building, or infrastructure with a value of \$5,000 or greater and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer Equipment	5 years	Streets	30 years
Equipment	10-30 years	Buildings	40-50 years
Office Equipment	10-30 years	Land Improvements	20-40 years
Vehicles	10-20 years	Storm Water	40 years
Parking Lots	15 years	Bridges	45 years
Furniture	20 years	Lift Stations	50 years
Large Vehicles	20-40 years	Sewer	50 years
Traffic Signals	20 years	Historic Buildings	100 years

6. Compensated Absences

City employees accumulate vacation, sick leave, and comp-time hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and a maximum of one-half of all unused sick leave may be paid upon termination of employment.

All severance is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements

only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect on June 30, 2013.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balance Policies

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council by adoption of an ordinance prior to the end of the fiscal year). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Manager to assign fund balance.
- Unassigned fund balance – amounts not included in other spendable classifications reported.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

As of June 30, 2013, fund balances are composed of the following:

<u>Fund Balance</u>			
<u>Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Inventory	General	\$ 241,612
		Street Construction	283,206
		Non-major Governmental Funds	23,407
			<u>\$ 548,225</u>
Restricted	TIF Debt	TIF	\$ 15,435
	Street Repair	Street Repair	12,609,671
	Road Use Tax	Street Construction	5,729,570
	Debt Service	Debt Service	318,846
	Community Block Grant	Non-major Governmental Funds	103,007
	Housing Assistance	Non-major Governmental Funds	567,201
	Employee Retirement Systems	Non-major Governmental Funds	5,284,684
	Visitors & Tourism	Non-major Governmental Funds	450,481
	Cemetery Perpetual Care	Non-major Governmental Funds	356,214
			<u>\$ 25,435,109</u>
Committed	Health Services	Hospital	\$ 15,718,851
	Parking	Non-major Governmental Funds	832,264
			<u>\$ 16,551,115</u>
Assigned	Cultural Services	General	\$ 140,093
	Recreational Services	General	1,676,991
	Capital Projects	Non-major Governmental Funds	14,559,803
			<u>\$ 16,376,887</u>

The City Council has adopted a minimum cash reserve policy. Those amounts are as follows:

General Fund: 15-25% and preferably at the 20-25% level

Refund Fund: 20-30%, but no less than \$500,000.

Sewer Fund: 65-75%, but no less than \$1,500,000.

Street Fund: 20-30%, but no less than \$1,000,000.

Storm Water Fund: 10-20%, but no less than \$200,000

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

The City prepares and adopts an annual budget on a function basis for the City as a whole, rather than at the fund level, as prescribed by Iowa statutes. The state of Iowa mandates that annual budgets for the fiscal year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The review and adoption of the budget for the City is in accordance with state laws and City budget procedures as stated in City Code, recodified November 1971, and amended by ordinance adoption thereafter. Budget proposals for all operating department requests are conducted by the Department of Administrative Services who prepares, for the Mayor's consideration, a preliminary budget by January 1 of each year for the coming fiscal year. The budget proposal presented to the City Council by the Mayor and Director of Administrative Services is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the Mayor, Director of Administrative Services, department heads, and boards and commissions, as well as holding a public hearing prior to adopting the budget. The Council adopts the budget by resolution and certifies it to

the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

The adopted budget presents expenditures in nine functions- Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level. Appropriations as adopted lapse at the end of the fiscal year.

Amendments to the City budget are considered annually as funding sources are available. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. An additional levy of property taxes is not allowed by state law. The City budget for the current year may be amended for any of the following purposes:

- To permit the appropriation and expenditure of unexpended, unencumbered fund balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between functions.

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. The City Council adopted two budget amendment resolutions during the year ended June 30, 2013.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Due to the emphasis placed on monitoring budgets, as a result of limited resources to provide City services, major classifications such as personal services, capital outlays, contractual services, and commodities are monitored throughout the year by the Department of Administrative Services.

Monthly reports are prepared by department and activity. Any major deviations must be approved by the Department of Administrative Services and the Mayor. While the legal level of control is the program level of expenditure, departments are responsible for not expending more than the amount of the appropriation for each activity within their area of responsibility, unless approved by the Department of Administrative Services and the Mayor.

The City budgets all receipts, disbursements, and interfund and intrafund transfers on the cash basis plus recorded accounts payable. The budget amounts included in this report are the final cash basis budget for the year for all funds excluding the trust and agency funds, which are not budgeted for by the City. Budgeted interfund transfers and intrafund transfers have been eliminated in the following statement of program disbursements - budget and actual.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the General Fund and most of the special revenue funds, unexpended budgeted amounts lapse at the end of the budget year.

B. Deficit Fund Balances

The FEMA fund, a major capital projects fund, has a deficit fund balance of \$529,170. The deficit fund balance is expected to be recovered through future federal and state reimbursements. The Bond fund, a major capital projects fund, has a deficit fund balance of \$644,688. This deficit fund balance is expected to be recovered through future bond sales. The Sidewalk Assessment fund, a non-major capital projects fund, has a deficit fund balance of \$19,433. The deficit fund balance is expected to be recovered through future property tax special assessments.

Note 3. Detailed Notes On All Funds

A. Deposits and Investments

The City's deposits in banks and credit unions at June 30, 2013 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cash balances as of June 30, 2013, consist of the following:

Cash – unrestricted	\$ 70,749,522
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The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

A reconciliation of cash as shown on the combined balance sheet for the primary government follows:

Carrying amount of deposits	\$ 70,749,522
Cash – Governmental Activities	\$ 61,017,101
Cash – Business-type Activities	9,732,421
Total	<u>\$ 70,749,522</u>

Interest Rate Risk: The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit Risk: The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

Concentration of credit risk: The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investments during the year.

The component units' deposits were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the entity or its agent in the entity's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Cash balances as of December 31, 2012, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 25,140,464	\$ 7,782,233	\$ 3,704,010	\$ 2,341,894
Cash – restricted	3,416,021	163,206	72,494	259,544
	<u>\$ 28,556,485</u>	<u>\$ 7,945,439</u>	<u>\$ 3,776,504</u>	<u>\$ 2,601,438</u>

A reconciliation of cash and investments as shown on the statement for net position for the component units follows:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Carrying amount of deposits	\$ 28,556,485	\$ 7,945,439	\$ 3,776,504	\$ 2,601,438
Carrying amount of certificates	11,583,370	--	--	340,000
Carrying amount of investments	2,743,250	--	--	1,321,858
Total	<u>\$ 42,883,105</u>	<u>\$ 7,945,439</u>	<u>\$ 3,776,504</u>	<u>\$ 4,263,296</u>
Cash	\$ 25,140,464	\$ 7,782,233	\$ 3,704,010	\$ 2,341,894
Cash - Restricted	3,416,021	163,206	72,494	259,544
Investments:				
Certificates of deposit	4,863,620	--	--	-
Certificates of deposit - restricted	6,719,750	--	--	340,000
U.S. government and agency securities - restricted	2,743,250	--	--	1,321,858
Total	<u>\$ 42,883,105</u>	<u>\$ 7,945,439</u>	<u>\$ 3,776,504</u>	<u>\$ 4,263,296</u>

B. Receivable

On June 30, 2013, the City has recorded a \$3,925,645 receivable for library, recreation, and cultural contributions held by the Cedar Falls Civic Foundation. The funds will be used to support library services, recreation services, and the cultural center, therefore is reported as an asset to the General Fund.

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,703,869	\$ 164,106	\$ --	\$ 28,867,975
Construction in progress	12,264,028	3,917,060	4,755,621	11,425,467
Total capital assets, not being depreciated	<u>\$ 40,967,897</u>	<u>\$ 4,081,166</u>	<u>\$ 4,755,621</u>	<u>\$ 40,293,442</u>
Capital assets, being depreciated:				
Buildings	\$ 27,802,237	\$ 16,403	\$ --	\$ 27,818,640
Land improvements	13,116,321	39,035	--	13,155,356
Machinery and equipment	16,799,232	713,847	359,214	17,153,865
Infrastructure	154,932,742	8,565,202	--	163,497,944
Total capital assets, being depreciated	<u>\$ 212,650,532</u>	<u>\$ 9,334,487</u>	<u>\$ 359,214</u>	<u>\$ 221,625,805</u>
Less accumulated depreciation for:				
Buildings	\$ 8,724,999	\$ 674,590	\$ --	\$ 9,399,589
Land improvements	4,450,179	509,380	--	4,959,559
Machinery and equipment	9,844,417	910,322	275,600	10,479,138
Infrastructure	68,024,412	5,119,721	--	73,144,133
Total accumulated depreciation	<u>\$ 91,044,007</u>	<u>\$ 7,214,013</u>	<u>\$ 275,600</u>	<u>\$ 97,982,420</u>
Total capital assets, being depreciated, net	<u>\$ 121,606,525</u>	<u>\$ 2,120,474</u>	<u>\$ 83,614</u>	<u>\$ 123,643,385</u>
Governmental activities capital asset, net	<u>\$ 162,574,422</u>	<u>\$ 6,201,640</u>	<u>\$ 4,839,235</u>	<u>\$ 163,936,827</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	17,725,246	10,332,560	98,836	27,958,970
Total capital assets, not being depreciated	<u>\$ 19,337,827</u>	<u>\$ 10,332,560</u>	<u>\$ 98,836</u>	<u>\$ 29,571,551</u>
Capital assets, being depreciated:				
Buildings	\$ 23,873,450	\$ 60,333	\$ --	\$ 23,933,783
Machinery and equipment	7,784,472	182,670	3,120	7,964,022
Infrastructure	44,949,632	908,211	--	45,857,843
Total capital assets, being depreciated	<u>\$ 76,607,554</u>	<u>\$ 1,151,214</u>	<u>\$ 3,120</u>	<u>\$ 77,755,648</u>
Less accumulated depreciation for:				
Buildings	\$ 5,451,780	\$ 493,846	\$ --	\$ 5,945,626
Machinery and equipment	2,326,543	316,225	3,120	2,639,648
Infrastructure	14,074,988	951,730	--	15,026,718
Total accumulated depreciation	<u>\$ 21,853,311</u>	<u>\$ 1,761,801</u>	<u>\$ 3,120</u>	<u>\$ 23,611,992</u>
Total capital assets, being depreciated, net	<u>\$ 54,754,243</u>	<u>\$ (610,587)</u>	<u>\$ --</u>	<u>\$ 54,143,656</u>
Business-type activities capital assets, net	<u>\$ 74,092,070</u>	<u>\$ 9,721,973</u>	<u>\$ 98,836</u>	<u>\$ 83,715,207</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	\$ 103,320
Public works	5,202,955
Health and social services	148,578
Culture and recreation	1,102,432
Community and economic development	79,678
General government	158,969
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	418,081
Total depreciation expense - governmental activities	<u>\$ 7,214,013</u>
Business-type activities	
Sewer	\$ 954,072
Refuse	417,246
Storm Water	390,483
Total depreciation expense - business-type activities	<u>\$ 1,761,801</u>

Construction Commitments

The City has active construction projects as of June 30, 2013. At year-end the City's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Big Woods Campground	\$ 79,887	\$ 74,387	\$ 5,500
Bluff St. Liftstation	7,229,500	6,928,358	301,142
Center St. Bridge	800,661	114,444	686,217
Disinfection	22,345,155	19,920,951	2,424,204
Downtown Levee Improvements	256,000	224,381	31,619
Dry Run Creek Watershed	112,478	4,434	108,044
E. Seerly Bridge	112,959	76,451	36,508
Hwy 58 Pedestrian Bridge	2,812,546	1,585,773	1,226,773
Leversee Rd. & Lonetree Rd.	1,064,388	442,299	622,089
Northern Industrial Park	1,205,000	1,131,023	73,977
Prairie Parkway Extension	104,008	94,038	9,970
Sewer Rehab	328,538	-	328,538
Street Reconstruction	2,287,375	764,762	1,522,613
Street Restoration	1,599,865	791,182	808,683
Traffic Signal	254,763	216,025	38,738
Traffic Study	52,500	36,678	15,822
Union Rd. Trail	328,971	-	328,971
UNI Wetlands	65,000	24,906	40,094
West Viking Road	302,300	260,210	42,090
	<u>\$ 41,341,894</u>	<u>\$ 32,690,302</u>	<u>\$ 8,651,592</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,326,855	\$ --	--	\$ 1,326,855
Construction in progress	9,787,180	16,439,850	6,804,694	19,422,336
Total capital assets, not being depreciated	\$ 11,114,035	\$ 16,439,850	\$ 6,804,694	\$ 20,749,191
Capital assets, being depreciated:				
Buildings	\$ 24,821,423	\$ 1,043,433	\$ 119,661	\$ 25,745,195
Land improvements	4,683	--	--	4,683
Machinery and equipment	21,031,550	1,384,816	1,554,215	20,862,151
Infrastructure	141,291,960	4,918,137	1,030,742	145,179,355
Total capital assets, being depreciated	\$ 187,149,616	\$ 7,346,386	\$ 2,704,618	\$ 191,791,384
Less accumulated depreciation for:				
Buildings	\$ 9,844,430	\$ 232,380	\$ 117,235	\$ 9,959,575
Land improvements	4,550	21	--	4,571
Machinery and equipment	11,342,420	1,760,562	1,554,166	11,548,816
Infrastructure	55,226,371	2,891,647	650,311	57,467,707
	\$ 76,417,771	\$ 4,884,610	\$ 2,321,712	\$ 78,980,669
Total capital assets, being depreciated, net	\$ 110,731,845	\$ 2,461,776	\$ 382,906	* \$ 112,810,715
Electric Utility capital assets, net	\$ 121,845,880	\$ 18,901,626	\$ 7,187,600	\$ 133,559,906

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Gas Utility for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 39,835	\$ --	\$ --	\$ 39,835
Construction in progress	397,197	1,313,761	564,617	1,146,341
Total capital assets, not being depreciated	<u>\$ 437,032</u>	<u>\$ 1,313,761</u>	<u>\$ 564,617</u>	<u>\$ 1,186,176</u>
Capital assets, being depreciated:				
Buildings	\$ 1,968,345	\$ 61,216	\$ --	\$ 2,029,561
Machinery and equipment	733,725	8,234	89,144	652,815
Infrastructure	18,034,690	495,168	141,344	18,388,514
Total capital assets, being depreciated	<u>\$ 20,736,760</u>	<u>\$ 564,618</u>	<u>\$ 230,488</u>	<u>\$ 21,070,890</u>
Less accumulated depreciation				
Buildings	\$ 317,608	\$ 47,685	\$ --	\$ 365,294
Machinery and equipment	326,980	40,854	89,144	278,690
Infrastructure	8,655,529	673,310	148,219	9,180,620
	<u>\$ 9,300,117</u>	<u>\$ 761,849</u>	<u>\$ 237,363</u>	<u>\$ 9,824,603</u>
Total capital assets, being depreciated, net	<u>\$ 11,436,643</u>	<u>\$ (197,231)</u>	<u>\$ (6,875) *</u>	<u>\$ 11,246,287</u>
Gas Utility capital assets, net	<u>\$ 11,873,675</u>	<u>\$ 1,116,530</u>	<u>\$ 557,742</u>	<u>\$ 12,432,463</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Water Utility for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	193,142	1,765,502	1,386,038	572,606
Total capital assets, not being depreciated	<u>\$ 256,608</u>	<u>\$ 1,765,502</u>	<u>\$ 1,386,038</u>	<u>\$ 636,072</u>
Capital assets, being depreciated:				
Buildings	\$ 807,702	\$ 31,171	\$ --	\$ 838,873
Machinery and equipment	430,338	24,803	78,164	376,977
Infrastructure	27,042,778	1,342,270	99,099	28,285,949
Total capital assets, being depreciated	<u>\$ 28,280,818</u>	<u>\$ 1,398,244</u>	<u>\$ 177,263</u>	<u>\$ 29,501,799</u>
Less accumulated depreciation				
Buildings	\$ 128,684	\$ 18,501	\$ --	\$ 147,185
Machinery and equipment	236,496	21,942	78,164	180,274
Infrastructure	8,179,228	570,384	95,385	8,654,227
Total accumulated depreciation	<u>\$ 8,544,408</u>	<u>\$ 610,827</u>	<u>\$ 173,549</u>	<u>\$ 8,981,686</u>
Total capital assets, being depreciated, net	<u>\$ 19,736,410</u>	<u>\$ 787,417</u>	<u>\$ 3,714 *</u>	<u>\$ 20,520,113</u>
Water Utility capital assets, net	<u>\$ 19,993,018</u>	<u>\$ 2,552,919</u>	<u>\$ 1,389,752</u>	<u>\$ 21,156,185</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Communications Utility for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 1,273,710	\$ 7,382,169	\$ 7,245,470	\$ 1,410,409
Total capital assets, not being depreciated	\$ 1,273,710	\$ 7,382,169	\$ 7,245,470	\$ 1,410,409
Capital assets, being depreciated:				
Machinery and equipment	\$ 385,777	\$ 18,861,591	\$ 1,204,555	\$ 18,042,813
Infrastructure	32,084,505	3,026,616	17,906,062	17,205,059
Total capital assets, being depreciated	\$ 32,470,282	\$ 21,888,207	\$ 19,110,617	\$ 35,247,872
Less accumulated depreciation				
Machinery and equipment	\$ 259,923	\$ 21,333	\$ 78,575	\$ 202,681
Infrastructure	9,394,732	2,269,939	4,436,295	7,228,376
Total accumulated depreciation	\$ 9,654,655	\$ 2,291,272	\$ 4,514,870	\$ 7,431,058
Total capital assets, being depreciated, net	\$ 22,815,627	\$ 19,596,935	\$ 14,595,747 *	\$ 27,816,814
Communications Utility capital assets, net	\$ 24,089,337	\$ 26,979,104	\$ 21,841,217	\$ 29,227,223

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

D. Leases

Sartori Memorial Hospital

On January 1, 1997, the operations of Sartori Memorial Hospital (Hospital) were sold to Covenant Health Systems, Inc. As part of this sale, the City entered into a lease agreement with Sartori Memorial Hospital, Inc. (SMH), whereas the City will lease to SMH the land and buildings owned by the City and used in the Hospital's operations. The initial term of the lease shall be for a period of 25 years, with variable lease payments each year. The lease may be extended for up to three additional terms, with each additional term being for a period of five years. At the termination of this lease, Covenant Health Systems, Inc. will also pay to the City an amount of \$660,378, which represents the liability arising from accrued vacation of Hospital personnel as of December 31, 1996. The present value of this liability as of June 30, 2013, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$543,459.

Crystal Distribution Services

On November 12, 2001, the City entered into a lease agreement with Crystal Distribution Services, Inc. for the former Top Air building constructed in the City's industrial and technology park. The lease was amended on November 24, 2003. The lease agreement is for a period of twelve years with various monthly payments ranging from \$10,000 to \$20,000 payable to the City. Crystal Distribution Services will have the option to purchase the building upon expiration of the lease.

The leases for the Hospital and with Crystal Distribution Services are both being treated as operating leases by the City. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Hospital	Building
2014	\$ 31,796	\$ 131,175
2015	31,796	--
2016	31,796	--
2017	31,796	--
2018	31,796	--
2019-2021	95,385	--
Total	<u>\$ 254,365</u>	<u>\$ 131,175</u>

The capital assets being leased through the operating leases are as follows:

	Governmental Activities	
	Hospital	Building
Land	\$ 151,494	\$ --
Building	5,873,537	2,153,925
Less:		
Accumulated depreciation	(2,210,765)	(892,981)
Total	<u>\$ 3,814,266</u>	<u>\$ 1,260,944</u>

E. Long-term Debt**General Obligation Bonds**

Unmatured general obligation bonds totaling \$2,320,626, net of unamortized discount of \$14,374, are outstanding as of June 30, 2013. These bonds bear interest with rates ranging from 2.30% to 3.70%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$4,310,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2014	\$ 435,000	\$ 80,972
2015	450,000	66,835
2016	465,000	51,760
2017	485,000	35,718
2018	500,000	18,500
Total	<u>\$ 2,335,000</u>	<u>\$ 253,785</u>

Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$597,880 net of unamortized deferred amount on refunding of \$22,880, are outstanding as of June 30, 2013. These bonds bear an interest rate of 3.00%; mature June 30, 2014; and were originally issued for \$2,865,000. Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	\$ 575,000	\$ 17,250
Total	<u>\$ 575,000</u>	<u>\$ 17,250</u>

State Revolving Loan

In July 2011, the City entered into a loan and disbursement agreement with the Iowa Finance Authority for the issuance of \$21 million in sewer revenue capital loan notes under the State Revolving Fund Program. These notes will finance the major renovation project at the City's water treatment facility related to disinfection compliance. As of June 30, 2013, only \$210,640 has been issued relating to the loan's administrative fees.

Capital Loan Notes

Unmatured capital loan notes totaling \$8,646,063, net of unamortized discount and unamortized deferred amount on refunding of \$53,937 are outstanding as of June 30, 2013. These notes bear interest at rates of 1.40% to 3.80%; mature in varying annual amounts through June 30, 2024; and were originally issued for \$14,670,000. Annual debt service requirements to maturing for capital loan notes are as follows:

Year Ending June 30,	Govenmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 2,200,000	\$ 198,958	\$ 200,000	\$ 4,290
2015	1,040,000	156,875	215,000	3,290
2016	1,070,000	134,515	210,000	1,785
2017	1,145,000	109,555	--	--
2018	1,175,000	81,278		
2019-2023	1,260,000	147,407	--	--
2024	185,000	7,030	--	--
Total	<u>\$ 8,075,000</u>	<u>\$ 835,618</u>	<u>\$ 625,000</u>	<u>\$ 9,365</u>

As of June 30, 2013, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City	<u>\$ 2,659,350,229</u>
Debt limit - 5% of total actual valuation	\$ 132,967,511
Debt applicable to debt limit:	
General obligation bonds	11,610,000
General obligation bonds - component unit	<u>1,595,000</u>
Legal debt margin	<u>\$ 119,762,511</u>

All tax-exempt debt issued by the City is subject to IRS arbitrage rebate unless the City meets the \$5 million small issuers exemption in a given year. As of June 30, 2013, the City had no arbitrage liability.

Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2013, and the total bonded indebtedness of the City as of that date.

	<u>Date of Issue</u>	<u>Balance Beginning of Year</u>	<u>Issued/ Incurred During Year</u>	<u>Redeemed/ Paid During Year</u>	<u>Balance End of Year</u>	<u>Amount Due Within One Year</u>
Governmental Activities:						
Tax increment financing bonds:						
Tax increment financing	2010	\$ 1,125,000	\$ --	\$ 550,000	\$ 575,000	\$ 575,000
Less unamortized deferred amount on refunding		(51,781)	--	(28,901)	(22,880)	--
		<u>\$ 1,176,781</u>	<u>\$ --</u>	<u>\$ 578,901</u>	<u>\$ 597,880</u>	<u>\$ 575,000</u>
Capital Loan Notes:						
Corporate Purpose	2008	\$ 3,045,000	\$ --	\$ 665,000	\$ 2,380,000	\$ 685,000
Corporate Purpose	2009	3,105,000	--	205,000	2,900,000	205,000
Refunding	2010	740,000	--	365,000	375,000	375,000
Refunding	2012	3,320,000	--	900,000	2,420,000	935,000
		<u>\$ 10,210,000</u>	<u>\$ --</u>	<u>\$ 2,135,000</u>	<u>\$ 8,075,000</u>	<u>\$ 2,200,000</u>
Less unamortized discount		35,209	--	4,043	31,166	--
Less unamortized deferred amount on refunding		6,072	--	(13,406)	19,478	--
		<u>\$ 10,168,719</u>	<u>\$ --</u>	<u>\$ 2,144,363</u>	<u>\$ 8,024,356</u>	<u>\$ 2,200,000</u>
Governmental activity total long-term debt		<u>\$ 11,345,500</u>	<u>\$ --</u>	<u>\$ 2,723,264</u>	<u>\$ 8,622,236</u>	<u>\$ 2,775,000</u>

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
Business-type activities						
General obligation bonds:						
Sewer	2008	\$ 2,755,000	\$ --	\$ 420,000	\$ 2,335,000	\$ 435,000
Less unamortized discount		17,348	--	2,974	14,374	--
		<u>\$ 2,737,652</u>	<u>\$ --</u>	<u>\$ 417,026</u>	<u>\$ 2,320,626</u>	<u>\$ 435,000</u>
Capital Loan Notes:						
Sewer Refunding	2012	\$ 820,000	\$ --	\$ 195,000	\$ 625,000	\$ 200,000
Less unamortized deferred amount on refunding		4,421	--	1,128	3,293	--
		<u>\$ 815,579</u>	<u>\$ --</u>	<u>\$ 193,872</u>	<u>\$ 621,707</u>	<u>\$ 200,000</u>
State Revolving Loan		<u>\$ 210,640</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 210,640</u>	<u>\$ --</u>
Business-type activity total long-term debt		<u><u>\$ 3,763,871</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 610,898</u></u>	<u><u>\$ 3,152,973</u></u>	<u><u>\$ 635,000</u></u>

Revenue Bonds and Installment Agreements – Electric Utility

The Series 2005 and 2007 revenue bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 3.75% and 4.375%. The bonds are secured by the future net revenues of the Utility. Long-term debt matures and bears interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2013	\$ 2,135,000	\$ 1,461,318
2014	2,225,000	1,379,344
2015	2,320,000	1,290,343
2016	2,420,000	1,197,544
2017	2,525,000	1,100,744
2018-2022	14,350,000	3,877,969
2023-2026	9,450,000	861,125
	<u>\$ 35,425,000</u>	<u>\$ 11,168,387</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

Capital Loan Notes – Electric Utility

The 2010A and 2010B revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates are in a range between 2.50% and 4.75% The capital loan notes are secured by the future net revenues of the Utility.

Component Unit - Capital Loan Notes					
<u>Year</u>		<u>Principal</u>		<u>Interest</u>	
2013	\$	455,000	\$	563,068	
2014		460,000		549,667	
2015		1,070,000		536,118	
2016		1,100,000		507,267	
2017		1,120,000		477,618	
2018-2022		6,160,000		1,868,932	
2023-2027		3,640,000		865,303	
2028-2030		1,960,000		187,250	
	\$	15,965,000	\$	5,555,223	

Debt Summary – Electric Utility

Long-term debt activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds:					
Series 2003	\$ 1,430,000	\$ --	\$ 1,430,000	\$ --	\$ --
Series 2005	21,240,000	--	690,000	20,550,000	1,370,000
Series 2007	15,610,000	--	735,000	14,875,000	765,000
Capital Loan Notes:					
Series 2010A	9,590,000	--	395,000	9,195,000	405,000
Series 2010B	6,820,000	--	50,000	6,770,000	50,000
Total bonds	54,690,000	--	3,300,000	51,390,000	2,590,000
Less: Unamortized					
discount	846,751	--	47,539	799,212	--
Add: Unamortized					
premium	374,586	--	14,074	360,512	--
Total long-term debt	\$ 54,217,835	\$ --	\$ 3,266,535	\$ 50,951,300	\$ 2,590,000

General Obligation Capital Loan Notes – Communications Utility

All general obligation (G.O.) bonds and notes have been issued by the City on behalf of the Utility. The G.O. notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 1.30% and 3.80%. The total debt service obligations over the remaining term of the notes are as follows:

Year Ending	Component Unit - G.O. Capital Loan Notes	
	Principal	Interest
2013	\$ 155,000	\$ 47,878
2014	165,000	45,242
2015	105,000	41,860
2016	110,000	39,340
2017	115,000	36,370
2018-2022	650,000	124,600
2023-2024	295,000	16,765
	<u>\$ 1,595,000</u>	<u>\$ 352,055</u>

Revenue Capital Loan Notes – Communications Utility

The Series 2009 and 2010 revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 3.0% and 4.3%. The notes are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Revenue Capital Loan Notes	
	Principal	Interest
2013	\$ 1,440,000	\$ 434,310
2014	1,475,000	391,110
2015	1,525,000	346,860
2016	1,570,000	301,110
2017	1,630,000	252,310
2018-2022	5,700,000	511,500
2023-2024	460,000	29,773
	<u>\$ 13,800,000</u>	<u>\$ 2,266,973</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

The Board of Trustees of the Municipal Electric Utility authorized a loan to be extended to the Utility under Resolution No. 2759, 2840, 2939, 2994, and 3086. The December 31, 2012 outstanding balance on this loan was \$738,090, bearing interest as 3.1%. The Board of Trustees of the Municipal Gas Utility approved a loan to be extended to the Utility under Resolution No. 5077. The December 31, 2012 outstanding balance on this loan was \$3,000,000, bearing interest at 2.0%.

Debt Summary – Communications Utility

Long-term debt activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital loan notes					
Series 2009	\$ 1,750,000	\$ --	\$ 155,000	\$ 1,595,000	\$ 155,000
Revenue capital loan notes					
Series 2009	2,990,000	--	335,000	2,655,000	345,000
Revenue capital loan notes					
Series 2010	12,210,000	--	1,065,000	11,145,000	1,095,000
	<u>\$ 16,950,000</u>	<u>\$ --</u>	<u>\$ 1,555,000</u>	<u>\$ 15,395,000</u>	<u>\$ 1,595,000</u>
Less: unamortized discount on debt	145,009	--	13,714	131,295	--
Add: unamortized premium on debt	494,381	--	44,065	450,316	--
	<u>\$ 17,299,372</u>	<u>\$ --</u>	<u>\$ 1,585,351</u>	<u>\$ 15,714,021</u>	<u>\$ 1,595,000</u>

F. Long-term Liabilities

Accrued Compensated Absences

Following is a summary of the City's activity for accrued compensated absences for the year-ended June 30, 2013, and the total liability of the City as of that date as reported on the government-wide statement of net position:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Payable Within One Year
Governmental activities	<u>\$ 2,685,552</u>	<u>\$ 270,448</u>	<u>\$ 252,012</u>	<u>\$ 2,703,988</u>	<u>\$ 841,889</u>
Business-type activities	<u>\$ 454,212</u>	<u>\$ 38,800</u>	<u>\$ 1,738</u>	<u>\$ 491,274</u>	<u>\$ 138,633</u>

The majority of compensated absences expenditures are paid for out of the General Fund.

Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The City operates a single-employer health benefit plan, which provides self-insured medical/prescription drug benefits for all full-time active and retired employees and their eligible dependents. Eligible retirees receive health care coverage through the same plan that is available to active employees. To be eligible for these benefits, participants must be receiving a pension benefit from the Iowa Public Employee Retirement System (IPERS), receiving a Social Security Disability Benefit, or retired under Code Chapter 411 of the Iowa Code. There were twenty retirees participating in the plan as of June 30th. Retirees pay the same premium for the health benefit plan as active employees, which results in an implicit subsidy and an OPEB liability. The Plan does not issue a stand-alone financial report.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The majority of expenditures are paid for out of the General Fund.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 47,124
Interest on net OPEB obligation	14,945
Adjustment to annual required contribution	<u>(13,239)</u>
Annual OPEB Cost	48,830
Net contributions - retirees	<u>18,980</u>
Increase in net OPEB obligation	67,810
Net OPEB obligation beginning of year	<u>275,329</u>
Net OPEB obligation end of year	\$343,139

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the City paid \$93,141 for retiree health claims. Plan members eligible for benefits contributed \$112,121 or 100% of the premium costs. The net resulted in a \$18,980 contribution for retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2013	\$48,830	(38.87%)	\$343,139
June 30, 2012	\$ 48,830	148.3%	\$275,329
June 30, 2011	\$ 52,149	4.6%	\$298,903

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$525,162, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$525,162. The covered payroll (annual payroll of active employees covered by the plan) was \$11,619,949 and the ratio of the UAAL to covered payroll was 4.5%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employments, mortality and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from a combination of the retirement probabilities from MFPRSI Actuarial Report, the IPERS Actuarial Report, and the City's experience.

Projected claim costs of the health plan are \$675.42 per month for retirees less than age 65 and \$443.17 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

G. Interfund Balances

Individual interfund receivable and payable balances by fund type as of June 30, 2013, were stated in the fund financial statements as follows:

Due to/from other funds:		Total	
<hr/>		<hr/>	
	Fund	Interfund Receivables	Interfund Payables
<hr/>		<hr/>	
FEMA Fund		\$ --	\$ 392,035
Bond Fund		--	1,000,904
Nonmajor Governmental Funds		1,413,731	20,792
Total		<u>\$ 1,413,731</u>	<u>\$ 1,413,731</u>

The balances are due to the elimination of reporting negative cash

Advances from/to other funds:		Total	
<hr/>		<hr/>	
	Fund	Advance to Other Funds	Advance from Other Funds
<hr/>		<hr/>	
Hospital Fund		\$ 11,255,000	\$ --
Nonmajor Governmental Funds		4,085,000	--
Sewer Fund		--	15,340,000
Total		<u>\$ 15,340,000</u>	<u>\$ 15,340,000</u>

The amount payable from the Sewer Fund to the Hospital Fund and the Capital Improvements Fund relates to internal financing for the large disinfection project at the City's water treatment facility.

H. Interfund Transactions

The following transfers represent individual fund interfund transfers as stated in the Fund Financial Statements.

General Fund	Street Construction Fund	\$ 139,160
	Non-major Governmental Funds	101,350
	Sewer Fund	101,220
	Refuse Fund	133,450
	Internal Service Funds	158,762
		<u>\$ 633,942</u>
TIF Fund	Bond Fund	\$ 211,957
	Sewer Fund	555,033
		<u>\$ 766,990</u>
Street Construction Fund	Internal Service Funds	\$ 5,495
Debt Service Fund	General Fund	\$ 1,580,000
	TIF Fund	583,750
		<u>\$ 2,163,750</u>
FEMA Fund	General Fund	\$ 75,881
	TIF Fund	3,498,784
		<u>\$ 3,574,665</u>
Bond Fund	TIF Fund	\$ 488,283
	Street Repair Fund	572,421
		<u>\$ 1,060,704</u>
Non-major Governmental Funds	General Fund	\$ 927,164
	TIF Fund	3,879,919
	Street Repair Fund	241,959
	FEMA Fund	33,106
	Non-major Governmental Funds	10,000
		<u>\$ 5,092,148</u>
Sewer Fund	FEMA Fund	\$ 2,431,073
Refuse Fund	Street Construction Fund	\$ 141,730
	FEMA Fund	60,332
	Sewer Fund	141,730
		<u>\$ 343,792</u>
Total		<u><u>\$ 16,072,559</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move debt service payments from proprietary or special revenue funds to the debt service fund as debt service payments come due and, (3) to move receipts from user fee generated funds to the general fund for certain administrative and custodial costs in the general fund.

Note 4. Other Notes

A. Retirement Systems

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$822,374, \$771,437 and \$619,003 respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Dr., West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate may not be less than 26.12% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012, and 2011 were \$1,144,556, \$1,080,516 and \$798,970 respectively, which met the required minimum contribution for each year.

B. Due To/From Component Unit

Amounts due from the component unit to the general fund at June 30, 2013, were as follows:

	Due from
Component Unit:	
Electric utility	\$ 750,000
Gas utility	100,000
Total	<u>\$ 850,000</u>

This amount differs from the amount reported as due to primary government since the Electric Utility and Gas Utility component units have a calendar year end of December 31, 2012.

C. Related Party Transactions

During the fiscal year ended June 30, 2003, the Black Hawk County Solid Waste Management Commission, which is a jointly governed organization, passed a resolution for annual distributions of its excess funds. The prorated share for the City of Cedar Falls was at \$564,721 to be received each year. However, in 2012, the commission decided to reduce the payments to \$299,534 for FY2013 &

FY2014. The payments received in fiscal years ended June 30, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 have been recorded in the Refuse Fund as other operating revenue.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government has established various funds to account for and finance its uninsured risks of loss.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents, which is included in the internal service fund type. Health benefits were self-insured up to a specific stop loss amount of \$85,000 and an aggregate stop loss of approximately \$3,344,144 for 2013. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Reserve Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The City has also established reserve funds for insuring workers' compensation, liability, and long-term disability claims which are included in the general fund type. Liability benefits were self-insured up to a specific stop loss amount of \$100,000 and an aggregate stop loss amount of \$260,000. Long-term disability benefits are self funded for the first six months, and the maximum benefit per individual is \$18,000. Workers' compensation benefits were self-insured up to an aggregate stop loss amount of \$350,000 with no specific stop loss amount. Coverage from private insurers is maintained for losses in excess of the stop loss amounts. An independent claims administrator performs all claims handling procedures. Settled claims for the above funds have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in reported liabilities for the fiscal year ended June 30, 2013, are summarized as follows:

	Health Insurance Reserve Fund	Risk Management Fund			Total
		Workers' Compensation Reserve	Liability Reserve	Long-Term Disability Reserve	
Claim liabilities					
June 30, 2011	\$ 404,998	\$ 301,881	\$ --	\$ --	\$ 706,879
Claims and changes in estimates during fiscal year 2012	2,596,371	84,775	--	--	2,681,146
Claim payments	(2,609,886)	(220,871)	--	--	(2,830,757)
Claim liabilities					
June 30, 2012	\$ 391,483	\$ 165,785	\$ --	\$ --	\$ 557,268
Claims and changes in estimates during fiscal year 2013	2,541,207	200,430	--	--	2,741,637
Claim payments	(2,550,165)	(168,876)	--	--	(2,719,041)
Claim liabilities					
June 30, 2013	\$ 382,525	\$ 197,339	\$ --	\$ --	\$ 579,864

E. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2013, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that all of these claims and losses will be covered by insurance when exceeding stop loss limits, and the amounts prior to reaching these limits would not materially affect future financial statements of the City.

F. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement 27*, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

City of Cedar Falls, Iowa
Budgetary Comparison Schedule - Function Budget
For the Year Ended June 30, 2013

	Budgeted Amounts	
	Original	Final
Revenues:		
Property taxes and assessments	\$ 24,909,307	\$ 24,909,307
Other City taxes	5,499,811	5,504,811
Licenses and permits	971,950	980,450
Use of money and property	1,154,130	1,155,130
Intergovernmental	11,524,850	17,001,000
Charges for services	11,526,300	11,732,015
Miscellaneous	877,272	4,857,372
Total revenues	<u>\$ 56,463,620</u>	<u>\$ 66,140,085</u>
Expenditures:		
Current:		
Public safety	\$ 9,125,770	\$ 9,368,320
Public works	11,496,110	12,559,960
Health and social services	203,250	3,203,250
Culture and recreation	7,067,140	7,239,277
Community and economic development	2,524,330	2,677,380
General government	4,837,030	4,837,030
Debt service	3,221,680	3,221,680
Capital projects	5,570,090	14,870,090
Business-type	17,874,280	17,900,280
Total expenditures	<u>\$ 61,919,680</u>	<u>\$ 75,877,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,456,060)</u>	<u>\$ (9,737,182)</u>
Other financing sources (uses):		
Proceeds from long-term debt	\$ 11,027,000	\$ 11,027,000
Transfers in	19,951,480	19,951,480
Transfers out	(19,951,480)	(19,951,480)
Total other financing sources (uses)	<u>\$ 11,027,000</u>	<u>\$ 11,027,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ 5,570,940</u>	<u>\$ 1,289,818</u>
Fund balances, beginning	48,971,838	48,971,838
Fund balances, ending	<u><u>\$ 54,542,778</u></u>	<u><u>\$ 50,261,656</u></u>

See notes to the required supplementary information.

Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 24,708,686	\$ (200,621)
5,536,981	32,170
1,074,541	94,091
1,143,584	(11,546)
14,237,813	(2,763,187)
11,138,201	(593,814)
2,349,703	(2,507,669)
<u>\$ 60,189,509</u>	<u>\$ (5,950,576)</u>

\$ 8,969,058	\$ 399,262
10,097,983	2,461,977
172,285	3,030,965
6,279,509	959,768
2,643,209	34,171
4,680,481	156,549
2,956,009	265,671
12,850,286	2,019,804
13,633,564	4,266,716
<u>\$ 62,282,384</u>	<u>\$ 13,594,883</u>
<u>\$ (2,092,875)</u>	<u>\$ 7,644,307</u>

\$ --	\$ (11,027,000)
25,366,687	5,415,207
(25,366,687)	(5,415,207)
<u>\$ --</u>	<u>\$ (11,027,000)</u>

\$ (2,092,875)	\$ (3,382,693)
57,552,947	8,581,109
<u>\$ 55,460,072</u>	<u>\$ 5,198,416</u>

City of Cedar Falls, Iowa
Notes to Required Supplementary Information – Budgetary Reporting
For the Year ended June 30, 2013

Note A - Budgetary Reporting

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis plus recorded accounts payable following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$13,957,587. These budget amendments are reflected in the final budget amounts.

City of Cedar Falls, Iowa
Budgetary Comparison Schedule -
Program Budget
Notes to RSI

Note B - Explanation of Differences between Budgetary Sources and Uses of funds and GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds

	Function Budget
Sources	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 60,189,509
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	262,880
Total revenues for the function budget on a GAAP basis of accounting	\$ 60,452,389
Reclassifications:	
The City reports sources of funds in the function budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(849,229)
FEMA Fund	(4,464,326)
Bond capital projects Fund	(1,937,653)
Nonmajor governmental GAAP funds	(4,391,655)
Business-type enterprise funds	(8,461,470)
Total revenues for general fund and major special revenue funds	\$ 40,348,056
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 22,802,718
Hospital Fund	601,464
TIF Fund	7,679,979
Street Repair Fund	5,455,792
Street Construction Fund	3,808,103
Total revenues for general fund and major special revenue funds	\$ 40,348,056

Uses	Function Budget
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 62,282,384
Adjustments	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The City does not budget for depreciation	(10,032,949)
Total uses for the function budget on a GAAP basis of accounting	\$ 52,249,435
Reclassifications:	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(2,956,009)
FEMA Fund	(1,764,779)
Bond capital projects Fund	(3,382,280)
Nonmajor governmental GAAP funds	(8,063,820)
Business-type enterprise funds	(6,707,140)
Total expenditures for general fund and major special revenue funds	\$ 29,375,407
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 20,826,489
Hospital Fund	157,534
TIF Fund	--
Street Repair Fund	5,702,990
Street Construction Fund	2,688,394
Total expenditures for general fund and major special revenue funds	\$ 29,375,407

City of Cedar Falls, Iowa
Schedule of Funding Progress for the
Cedar Falls Health Plan
June 30, 2013

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
2011	July 1, 2009	-	671,926	671,926	0.0%	10,976,785	6.1%
2012	July 1, 2011	-	525,162	525,162	0.0%	11,327,306	4.6%
2013	July 1, 2011	-	525,162	525,162	0.0%	11,619,949	4.5%

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
ASSETS		
Cash	\$ 13,451	\$ 570,133
Receivables, net of allowance for uncollectible amounts:		
Property taxes	--	--
Other city taxes	--	--
Accrued interest	--	--
Special assessment	--	--
Other	--	--
Due from other funds	--	--
Advance to other funds	--	--
Due from other governments	98,443	--
Inventories	--	--
Total assets	<u>\$ 111,894</u>	<u>\$ 570,133</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 6,301	\$ 738
Accrued liabilities	2,586	2,194
Unavailable revenue	--	--
Due to other funds	--	--
Total liabilities	<u>\$ 8,887</u>	<u>\$ 2,932</u>
FUND BALANCES		
Nonspendable	--	--
Restricted	103,007	567,201
Committed	--	--
Assigned	--	--
Unassigned	--	--
Total fund balances	<u>\$ 103,007</u>	<u>\$ 567,201</u>
Total liabilities and fund balances	<u>\$ 111,894</u>	<u>\$ 570,133</u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor & Tourism</u>
\$ 836,804	\$ 2,868,772	\$ 2,478,404	\$ 482,761
--	763,843	584,381	--
--	--	--	89,494
1,075	954	866	517
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
2,860	--	--	20,547
<u>\$ 840,739</u>	<u>\$ 3,633,569</u>	<u>\$ 3,063,651</u>	<u>\$ 593,319</u>
\$ 3,988	\$ 65,884	\$ 2,227	\$ 29,188
1,627	--	--	3,609
--	761,797	582,628	89,494
--	--	--	--
<u>\$ 5,615</u>	<u>\$ 827,681</u>	<u>\$ 584,855</u>	<u>\$ 122,291</u>
2,860	--	--	20,547
--	2,805,888	2,478,796	450,481
832,264	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 835,124</u>	<u>\$ 2,805,888</u>	<u>\$ 2,478,796</u>	<u>\$ 471,028</u>
<u>\$ 840,739</u>	<u>\$ 3,633,569</u>	<u>\$ 3,063,651</u>	<u>\$ 593,319</u>

(continued)

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
ASSETS			
Cash	\$ 202,668	\$ 116,328	\$ 37,218
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	--
Special assessment	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Advance to other funds	--	--	--
Due from other governments	--	--	--
Inventories	--	--	--
Total assets	<u>\$ 202,668</u>	<u>\$ 116,328</u>	<u>\$ 37,218</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ --	\$ --	\$ --
Accrued liabilities	--	--	--
Unavailable revenue	--	--	--
Due to other funds	--	--	--
Total liabilities	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES			
Nonspendable	--	--	--
Restricted	202,668	116,328	37,218
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
Total fund balances	<u>\$ 202,668</u>	<u>\$ 116,328</u>	<u>\$ 37,218</u>
Total liabilities and fund balances	<u>\$ 202,668</u>	<u>\$ 116,328</u>	<u>\$ 37,218</u>

(continued)

Capital Projects				
Washington Park Renovation	Capital Improvements	Sidewalk Assessment	Economic Development Capital	Total
\$ 30,624	\$ 3,961,556	\$ --	\$ 5,115,736	\$ 16,714,455
--	--	--	--	1,348,224
--	--	--	--	89,494
37	3,760	--	6,171	13,380
--	18,971	25,192	--	44,163
--	8,987	--	--	8,987
--	--	--	1,413,731	1,413,731
--	4,085,000	--	--	4,085,000
--	5,084	--	--	103,527
--	--	--	--	23,407
<u>\$ 30,661</u>	<u>\$ 8,083,358</u>	<u>\$ 25,192</u>	<u>\$ 6,535,638</u>	<u>\$ 23,844,368</u>
\$ --	\$ 58,959	\$ --	\$ --	\$ 167,285
--	--	--	--	10,016
--	18,970	23,833	11,925	1,488,647
--	--	20,792	--	20,792
<u>\$ --</u>	<u>\$ 77,929</u>	<u>\$ 44,625</u>	<u>\$ 11,925</u>	<u>\$ 1,686,740</u>
--	--	--	--	23,407
--	--	--	--	6,761,587
--	--	--	--	832,264
30,661	8,005,429	--	6,523,713	14,559,803
--	--	(19,433)	--	(19,433)
<u>\$ 30,661</u>	<u>\$ 8,005,429</u>	<u>(19,433)</u>	<u>\$ 6,523,713</u>	<u>\$ 22,157,628</u>
<u>\$ 30,661</u>	<u>\$ 8,083,358</u>	<u>25,192</u>	<u>\$ 6,535,638</u>	<u>\$ 23,844,368</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
Revenues:		
Property taxes and assessments	\$ --	\$ --
Other city taxes	--	--
Use of money and property	--	4,315
Intergovernmental	376,306	1,210,128
Charges for services	--	--
Fines and forfeitures	--	--
Miscellaneous	--	7,674
Total revenues	<u>\$ 376,306</u>	<u>\$ 1,222,117</u>
Expenditures:		
Current:		
Public safety	\$ --	\$ --
Public works	--	--
Culture and recreation	--	--
Community and economic development	369,492	1,373,739
Capital projects	--	--
Total expenditures	<u>\$ 369,492</u>	<u>\$ 1,373,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,814</u>	<u>\$ (151,622)</u>
Other financing sources (uses):		
Transfers in	\$ --	\$ --
Transfers out	--	--
Total other financing sources (uses)	<u>\$ --</u>	<u>\$ --</u>
Net change in fund balances	\$ 6,814	\$ (151,622)
Fund balances, beginning	96,193	718,823
Increase (decrease) in reserve for inventories	--	--
Fund balances, ending	<u><u>\$ 103,007</u></u>	<u><u>\$ 567,201</u></u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor & Tourism</u>
\$ --	\$ 559,891	\$ 476,405	\$ --
--	--	--	307,911
3,457	59,301	63,866	5,728
--	--	--	--
38,511	--	--	--
166,081	--	--	--
--	1,958	254	14,544
<u>\$ 208,049</u>	<u>\$ 621,150</u>	<u>\$ 540,525</u>	<u>\$ 328,183</u>
\$ --	\$ 783,910	\$ 550,653	\$ --
233,078	--	--	--
--	--	--	355,378
--	--	--	--
--	--	--	--
<u>\$ 233,078</u>	<u>\$ 783,910</u>	<u>\$ 550,653</u>	<u>\$ 355,378</u>
<u>\$ (25,029)</u>	<u>\$ (162,760)</u>	<u>\$ (10,128)</u>	<u>\$ (27,195)</u>
\$ --	\$ --	\$ --	\$ 55,424
(13,320)	--	--	(14,040)
<u>\$ (13,320)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 41,384</u>
\$ (38,349)	\$ (162,760)	\$ (10,128)	\$ 14,189
873,112	2,968,648	2,488,924	454,548
361	--	--	2,291
<u>\$ 835,124</u>	<u>\$ 2,805,888</u>	<u>\$ 2,478,796</u>	<u>\$ 471,028</u>

(continued)

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013
(Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
Revenues:			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	--	--	--
Use of money and property	--	--	--
Intergovernmental	--	--	--
Charges for services	5,870	3,630	980
Fines and forfeitures	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>\$ 5,870</u>	<u>\$ 3,630</u>	<u>\$ 980</u>
Expenditures:			
Current:			
Public safety	\$ --	\$ --	\$ --
Public works	--	--	--
Culture and recreation	--	--	--
Community and economic development	--	--	--
Capital projects	--	--	--
Total expenditures	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,870</u>	<u>\$ 3,630</u>	<u>\$ 980</u>
Other financing sources (uses):			
Transfers in	\$ --	\$ --	\$ --
Transfers out	--	--	--
Total other financing sources (uses)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Net change in fund balances	\$ 5,870	\$ 3,630	\$ 980
Fund balances, beginning	196,798	112,698	36,238
Increase (decrease) in reserve for inventories	--	--	--
Fund balances, ending	<u><u>\$ 202,668</u></u>	<u><u>\$ 116,328</u></u>	<u><u>\$ 37,218</u></u>

(continued)

Capital Projects				
Washington Park Renovation	Capital Improvements	Sidewalk Assessment	Economic Development Capital	Total
\$ --	\$ 5,408	\$ 7,671	\$ --	\$ 1,049,375
--	--	--	--	307,911
121	204,360	--	196,984	538,132
--	57,143	--	--	1,643,577
--	--	--	--	48,991
--	--	--	--	166,081
--	246,157	11,622	355,379	637,588
<u>\$ 121</u>	<u>\$ 513,068</u>	<u>\$ 19,293</u>	<u>\$ 552,363</u>	<u>\$ 4,391,655</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,334,563
--	--	--	--	233,078
--	--	--	--	355,378
--	--	--	--	1,743,231
--	266,889	22,516	4,108,165	4,397,570
<u>\$ --</u>	<u>\$ 266,889</u>	<u>\$ 22,516</u>	<u>\$ 4,108,165</u>	<u>\$ 8,063,820</u>
<u>\$ 121</u>	<u>\$ 246,179</u>	<u>\$ (3,223)</u>	<u>\$ (3,555,802)</u>	<u>\$ (3,672,165)</u>
\$ --	\$ 1,086,805	\$ --	\$ 3,949,919	\$ 5,092,148
--	(83,990)	--	--	(111,350)
<u>\$ --</u>	<u>\$ 1,002,815</u>	<u>\$ --</u>	<u>\$ 3,949,919</u>	<u>\$ 4,980,798</u>
\$ 121	\$ 1,248,994	\$ (3,223)	\$ 394,117	\$ 1,308,633
30,540	6,756,435	(16,210)	6,129,596	20,846,343
--	--	--	--	2,652
<u>\$ 30,661</u>	<u>\$ 8,005,429</u>	<u>\$ (19,433)</u>	<u>\$ 6,523,713</u>	<u>\$ 22,157,628</u>

City of Cedar Falls, Iowa
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
ASSETS			
Current assets:			
Cash	\$ 6,050,286	\$ 17,457	\$ 2,200,879
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	7,385	--	2,685
Other	6,807	--	--
Inventories	--	--	--
Total current assets	<u>\$ 6,064,478</u>	<u>\$ 17,457</u>	<u>\$ 2,203,564</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total assets	<u>\$ 6,064,478</u>	<u>\$ 17,457</u>	<u>\$ 2,203,564</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,162	\$ 17,457	\$ 388,642
Accrued liabilities	382,525	--	--
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	<u>\$ 387,687</u>	<u>\$ 17,457</u>	<u>\$ 388,642</u>
NET POSITION			
Investment in capital assets	\$ --	\$ --	\$ --
Unrestricted	5,676,791	--	1,814,922
Total net position	<u>\$ 5,676,791</u>	<u>\$ --</u>	<u>\$ 1,814,922</u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,269,890	\$ 902,450	\$ 827,227	\$ 13,268,189
3,791	1,041	1,251	16,153
3,690	--	106	10,603
--	3,833	324,954	328,787
<u>\$ 3,277,371</u>	<u>\$ 907,324</u>	<u>\$ 1,153,538</u>	<u>\$ 13,623,732</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,253,735	6,395,626	7,649,361
--	(954,246)	(4,095,847)	(5,050,093)
<u>\$ --</u>	<u>\$ 299,489</u>	<u>\$ 2,390,081</u>	<u>\$ 2,689,570</u>
<u>\$ 3,277,371</u>	<u>\$ 1,206,813</u>	<u>\$ 3,543,619</u>	<u>\$ 16,313,302</u>
\$ 13,230	\$ 3,402	\$ 61,121	\$ 489,014
197,339	8,042	9,931	597,837
--	26,359	18,247	44,606
--	25,710	29,444	55,154
<u>\$ 210,569</u>	<u>\$ 63,513</u>	<u>\$ 118,743</u>	<u>\$ 1,186,611</u>
\$ --	\$ 299,489	\$ 2,390,081	\$ 2,689,570
3,066,802	843,811	1,034,795	12,437,121
<u>\$ 3,066,802</u>	<u>\$ 1,143,300</u>	<u>\$ 3,424,876</u>	<u>\$ 15,126,691</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
Operating revenues:			
Charges for services	\$ 2,771,556	\$ 27,750	\$ 278,170
Other	12,398	--	8,684
Total operating revenues	<u>\$ 2,783,954</u>	<u>\$ 27,750</u>	<u>\$ 286,854</u>
Operating expenses:			
Personal services	\$ --	\$ --	\$ 697,819
Contractual services	2,814,528	27,750	--
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 2,814,528</u>	<u>\$ 27,750</u>	<u>\$ 697,819</u>
Operating income (loss)	<u>\$ (30,574)</u>	<u>\$ --</u>	<u>\$ (410,965)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 23,985	\$ --	\$ 8,869
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 23,985</u>	<u>\$ --</u>	<u>\$ 8,869</u>
Income (loss) before transfers	\$ (6,589)	\$ --	\$ (402,096)
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>
Change in net position	\$ (6,589)	\$ --	\$ (402,096)
Net position, beginning	5,683,380	--	2,217,018
Net position, ending	<u><u>\$ 5,676,791</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1,814,922</u></u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 561,450	\$ 922,902	\$ 1,749,640	\$ 6,311,468
128,413	160	54,696	204,351
<u>\$ 689,863</u>	<u>\$ 923,062</u>	<u>\$ 1,804,336</u>	<u>\$ 6,515,819</u>
\$ --	\$ 352,739	\$ 363,336	\$ 1,413,894
859,959	264,592	268,732	4,235,561
--	63,568	1,083,767	1,147,335
--	105,508	312,574	418,082
<u>\$ 859,959</u>	<u>\$ 786,407</u>	<u>\$ 2,028,409</u>	<u>\$ 7,214,872</u>
<u>\$ (170,096)</u>	<u>\$ 136,655</u>	<u>\$ (224,073)</u>	<u>\$ (699,053)</u>
\$ 12,267	\$ 3,502	\$ 4,134	\$ 52,757
--	(9,783)	(20,354)	(30,137)
<u>\$ 12,267</u>	<u>\$ (6,281)</u>	<u>\$ (16,220)</u>	<u>\$ 22,620</u>
\$ (157,829)	\$ 130,374	\$ (240,293)	\$ (676,433)
(5,495)	--	(158,762)	(164,257)
<u>\$ (163,324)</u>	<u>\$ 130,374</u>	<u>\$ (399,055)</u>	<u>\$ (840,690)</u>
3,230,126	1,012,926	3,823,931	15,967,381
<u><u>\$ 3,066,802</u></u>	<u><u>\$ 1,143,300</u></u>	<u><u>\$ 3,424,876</u></u>	<u><u>\$ 15,126,691</u></u>

City of Cedar Falls, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Health Insurance	Health Insurance Severance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund services	\$ 2,771,556	\$ 6,671
Payments to suppliers	(2,814,120)	--
Payments to employees	--	(9,603)
Net cash provided by (used for) operating activities	<u>\$ (42,564)</u>	<u>\$ (2,932)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	\$ --	\$ --
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition of property and equipment	\$ --	\$ --
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	\$ 23,994	\$ --
Net increase (decrease) in cash	\$ (18,570)	\$ (2,932)
CASH BALANCES, Beginning	6,068,856	20,389
CASH BALANCES, Ending	<u>\$ 6,050,286</u>	<u>\$ 17,457</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (30,574)	\$ --
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	--	--
Change in assets and liabilities:		
(Increase) decrease in:		
Other receivables	(3,032)	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	(8,958)	(2,932)
Net cash provided by (used for) operating activities	<u>\$ (42,564)</u>	<u>\$ (2,932)</u>

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 278,170	\$ 561,450	\$ 922,902	\$ 1,749,640	\$ 6,290,389
--	(494,643)	(331,225)	(1,388,796)	(5,028,784)
(302,372)	--	(341,042)	(351,475)	(1,004,492)
<u>\$ (24,202)</u>	<u>\$ 66,807</u>	<u>\$ 250,635</u>	<u>\$ 9,369</u>	<u>\$ 257,113</u>
\$ --	\$ (5,495)	\$ --	\$ (158,762)	\$ (164,257)
\$ --	\$ --	\$ (107,646)	\$ (106,071)	\$ (213,717)
\$ 8,829	\$ 12,198	\$ 3,320	\$ 4,267	\$ 52,608
\$ (15,373)	\$ 73,510	\$ 146,309	\$ (251,197)	\$ (68,253)
2,216,252	3,196,380	756,141	1,078,424	13,336,442
<u>\$ 2,200,879</u>	<u>\$ 3,269,890</u>	<u>\$ 902,450</u>	<u>\$ 827,227</u>	<u>\$ 13,268,189</u>
\$ (410,965)	\$ (170,096)	\$ 136,655	\$ (224,073)	\$ (699,053)
--	--	105,508	312,574	418,082
--	236,338	--	(58)	233,248
--	--	(1,083)	(90,932)	(92,015)
386,763	565	9,555	11,858	396,851
<u>\$ (24,202)</u>	<u>\$ 66,807</u>	<u>\$ 250,635</u>	<u>\$ 9,369</u>	<u>\$ 257,113</u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source*
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Governmental fund capital assets:		
Land	\$ 28,867,975	\$ 28,703,869
Land improvements	13,155,356	13,116,321
Buildings	27,728,338	27,711,935
Machinery and equipment	9,504,504	9,120,292
Infrastructure	163,497,944	154,932,742
Construction in progress	11,425,467	12,264,028
Total governmental funds capital assets	<u>\$ 254,179,584</u>	<u>\$ 245,849,187</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 23,707,691	\$ 23,515,754
Special revenue funds	49,456,210	45,781,071
Capital projects funds	149,520,891	145,667,441
Internal service	225,195	225,195
Donations	31,269,597	30,659,726
Total governmental funds capital assets	<u>\$ 254,179,584</u>	<u>\$ 245,849,187</u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity *
June 30, 2013

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 1,024,831
Public Works	290,326	1,842,041	1,513,123
Health & Social Services	151,494	69,599	5,873,537
Culture and Recreation	2,806,048	10,883,674	12,982,115
Community and Economic Development	25,553,706	360,042	2,165,425
General Government	53,901	--	4,169,307
	<u>\$ 28,867,975</u>	<u>\$ 13,155,356</u>	<u>\$ 27,728,338</u>

- * This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,143,263	\$ --	\$ --	\$ 2,180,594
3,717,204	157,511,134	4,079,335	168,953,163
--	--	--	6,094,630
3,289,069	5,986,810	570,806	36,518,522
130,907	--	6,775,326	34,985,406
1,224,061	--	--	5,447,269
<u>\$ 9,504,504</u>	<u>\$ 163,497,944</u>	<u>\$ 11,425,467</u>	<u>\$ 254,179,584</u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity *
For the Fiscal Year Ended June 30, 2013

	Governmental Funds Capital Assets July 1, 2012	Additions	Deletions	Governmental Funds Capital Assets June 30, 2013
Public Safety	\$ 2,184,644	\$ 90,694	\$ 94,744	\$ 2,180,594
Public Works	161,483,409	12,144,983	4,675,229	168,953,163
Health & Social Services	6,094,630	--	--	6,094,630
Culture and Recreation	36,165,632	369,293	16,403	36,518,522
Community and Economic Development	34,541,837	476,065	32,496	34,985,406
General Government	5,379,035	148,175	79,941	5,447,269
	<u>\$ 245,849,187</u>	<u>\$ 13,229,210</u>	<u>\$ 4,898,813</u>	<u>\$ 254,179,584</u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Cedar Falls, Iowa
Statistical Section**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	106
Revenue Capacity	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	116
Debt Capacity	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	124
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	136
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; therefore the first four tables include information beginning in that year.

City of Cedar Falls, Iowa
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 94,618,419	\$ 100,850,333	\$ 108,359,511	\$ 113,859,357
Restricted	15,944,416	16,688,108	17,167,913	18,571,430
Unrestricted	34,315,853	36,568,953	37,686,372	42,994,411
Total governmental activities net position	<u>\$ 144,878,688</u>	<u>\$ 154,107,394</u>	<u>\$ 163,213,796</u>	<u>\$ 175,425,198</u>
Business-type activities				
Net investment in capital assets	\$ 26,644,501	\$ 28,566,202	\$ 30,991,450	\$ 36,487,852
Restricted	808,500	808,500	808,500	808,500
Unrestricted	6,340,472	6,179,451	6,285,467	5,569,366
Total business-type activities net position	<u>\$ 33,793,473</u>	<u>\$ 35,554,153</u>	<u>\$ 38,085,417</u>	<u>\$ 42,865,718</u>
Primary government				
Net investment in capital assets	\$ 121,262,920	\$ 129,416,535	\$ 139,350,961	\$ 150,347,209
Restricted	16,752,916	17,496,608	17,976,413	19,379,930
Unrestricted	40,656,325	42,748,404	43,971,839	48,563,777
Total primary government net position	<u>\$ 178,672,161</u>	<u>\$ 189,661,547</u>	<u>\$ 201,299,213</u>	<u>\$ 218,290,916</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 118,688,310	\$ 123,367,386	\$ 131,237,132	\$ 145,480,365	\$ 151,130,097	\$ 155,314,591
20,491,013	21,421,340	22,341,338	24,090,200	24,405,828	24,150,307
45,657,412	48,697,813	52,747,528	50,939,288	50,704,056	54,888,657
<u>\$ 184,836,735</u>	<u>\$ 193,486,539</u>	<u>\$ 206,325,998</u>	<u>\$ 220,509,853</u>	<u>\$ 226,239,981</u>	<u>\$ 234,353,555</u>
\$ 41,521,531	\$ 44,414,522	\$ 46,273,076	\$ 52,510,319	\$ 70,328,202	\$ 79,677,940
449,500	449,500	9,500	9,500	9,500	9,500
4,018,315	4,522,038	4,887,575	6,728,884	(76,329)	(5,621,533)
<u>\$ 45,989,346</u>	<u>\$ 49,386,060</u>	<u>\$ 51,170,151</u>	<u>\$ 59,248,703</u>	<u>\$ 70,261,373</u>	<u>\$ 74,065,907</u>
\$ 160,209,841	\$ 167,781,908	\$ 177,510,208	\$ 197,990,684	\$ 221,458,299	\$ 234,992,531
20,940,513	21,870,840	22,350,838	24,099,700	24,415,328	24,159,807
49,675,727	53,219,851	57,635,103	57,668,172	50,627,727	49,267,124
<u>\$ 230,826,081</u>	<u>\$ 242,872,599</u>	<u>\$ 257,496,149</u>	<u>\$ 279,758,556</u>	<u>\$ 296,501,354</u>	<u>\$ 308,419,462</u>

City of Cedar Falls, Iowa
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Page 1 of 2)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
Public safety	\$ 6,378,906	\$ 6,786,083	\$ 6,920,986
Public works	8,083,107	8,121,486	9,291,307
Health and social services	177,236	261,476	325,479
Culture and recreation	4,788,464	5,350,058	5,911,073
Community and economic development	2,641,914	3,345,487	4,353,658
General government	3,309,062	3,751,183	3,972,891
Debt service	1,046,548	960,961	968,298
Capital projects	119,579	--	--
Total governmental activities expenses	<u>26,544,816</u>	<u>28,576,734</u>	<u>31,743,692</u>
Business-type activities:			
Sewer	2,656,015	2,777,820	3,212,254
Refuse	1,699,546	2,176,174	1,797,655
Storm Water	--	--	--
Total business-type activities expenses	<u>4,355,561</u>	<u>4,953,994</u>	<u>5,009,909</u>
Total primary government expenses	<u>\$ 30,900,377</u>	<u>\$ 33,530,728</u>	<u>\$ 36,753,601</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Public Safety	\$ 561,788	\$ 602,800	\$ 715,066
Public Works	311,932	209,424	344,199
Culture and Recreation	1,356,978	1,550,008	1,841,570
General Government	1,147,836	1,242,703	1,323,816
Operating grants and contributions	2,207,574	3,143,285	2,533,024
Capital grants and contributions	4,210,176	2,759,995	3,622,803
Total governmental activities program revenues	<u>9,796,284</u>	<u>9,508,215</u>	<u>10,380,478</u>
Business-type activities:			
Charges for services:			
Sewer	3,747,185	3,777,236	3,862,562
Refuse	2,471,886	2,460,525	2,576,395
Storm Water	--	--	--
Capital grants and contributions: sewer and storm water	11,687	820,264	1,553,151
Total business-type activities program revenues	<u>6,230,758</u>	<u>7,058,025</u>	<u>7,992,108</u>
Total primary government program revenues	<u>\$ 16,027,042</u>	<u>\$ 16,566,240</u>	<u>\$ 18,372,586</u>
Net (Expense)/Revenues			
Governmental activities	(16,748,532)	(19,068,519)	(21,363,214)
Business-type activities	1,875,197	2,104,031	2,982,199
Total primary government net expense	<u>\$ (14,873,335)</u>	<u>\$ (16,964,488)</u>	<u>\$ (18,381,015)</u>

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 6,602,108	\$ 8,065,013	\$ 7,192,846	\$ 7,725,740	\$ 8,625,520	\$ 8,462,143	\$ 9,491,677
9,390,405	9,696,327	13,938,703	10,699,831	10,949,200	12,971,278	11,909,568
147,007	234,124	310,365	164,836	326,666	316,339	320,864
5,894,494	6,736,108	6,836,437	6,864,804	7,104,212	7,098,908	7,262,110
4,341,611	4,346,385	5,677,705	7,019,195	7,291,549	7,815,848	8,357,058
3,918,550	4,244,545	4,619,221	4,797,762	4,493,885	4,333,403	4,890,409
930,278	831,315	754,989	741,933	551,543	452,378	228,173
--	--	--	--	--	--	--
31,224,453	34,153,817	39,330,266	38,014,101	39,342,575	41,450,297	42,459,859
3,359,111	3,009,639	3,178,354	3,187,378	3,223,476	3,336,990	3,617,688
2,011,573	2,142,679	2,355,999	2,410,813	2,537,735	2,492,305	2,770,264
619,192	652,999	620,460	732,218	693,075	722,991	728,713
5,989,876	5,805,317	6,154,813	6,330,409	6,454,286	6,552,286	7,116,665
\$ 37,214,329	\$ 39,959,134	\$ 45,485,079	\$ 44,344,510	\$ 45,796,861	\$ 48,002,583	\$ 49,576,524
\$ 567,948	\$ 534,722	\$ 538,398	\$ 597,348	\$ 661,784	\$ 748,246	\$ 673,860
282,146	249,903	259,569	240,997	217,172	199,648	204,592
2,024,082	2,028,869	2,184,620	2,170,036	2,206,722	2,469,465	2,400,747
1,165,048	1,466,523	1,191,151	1,587,244	1,588,066	1,682,397	1,632,567
2,461,032	2,365,608	2,153,921	1,606,798	2,360,697	1,695,117	2,098,639
4,922,588	4,395,714	7,183,972	8,928,178	15,073,637	11,529,905	6,479,932
11,422,844	11,041,339	13,511,631	15,130,601	22,108,078	18,324,778	13,490,337
3,794,631	3,775,728	3,999,239	4,015,527	4,138,346	4,313,923	4,574,181
2,746,393	2,833,449	3,148,295	3,186,384	3,318,008	3,328,306	2,996,396
731,844	780,666	780,837	787,942	806,364	826,986	890,893
3,221,140	333,950	983,243	128,795	460,559	140,450	577,411
10,494,008	7,723,793	8,911,614	8,118,648	8,723,277	8,609,665	9,038,881
\$ 21,916,852	\$ 18,765,132	\$ 22,423,245	\$ 23,249,249	\$ 30,831,355	\$ 26,934,443	\$ 22,529,218
(19,801,609)	(23,112,478)	(25,818,635)	(22,883,500)	(17,234,497)	(23,125,519)	(28,969,522)
4,504,132	1,918,476	2,756,801	1,788,239	2,268,991	2,057,379	1,922,216
\$ (15,297,477)	\$ (21,194,002)	\$ (23,061,834)	\$ (21,095,261)	\$ (14,965,506)	\$ (21,068,140)	\$ (27,047,306)

(continued)

City of Cedar Falls, Iowa
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Page 2 of 2)

	Fiscal Year		
	2004	2005	2006
General Revenues and Other Changes in Net Position			
Governmental activities:			
General revenues:			
Property taxes and assessments	\$ 14,110,761	\$ 16,034,121	\$ 17,163,242
Other city taxes	4,169,362	4,349,790	4,709,758
Use of money and property	2,618,556	1,874,497	2,425,140
Intergovernmental	3,785,710	3,809,479	3,527,541
Miscellaneous	946,121	207,661	491,847
Gain on sale of assets	72,034	65,215	--
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,400,000
Transfers	(20,070)	556,462	752,088
Total governmental activities	<u>27,082,474</u>	<u>28,297,225</u>	<u>30,469,616</u>
Business-type activities:			
General revenues:			
Property taxes and assessments	54,475	149	--
Use of money and property	116,420	212,962	301,153
Transfers	20,070	(556,462)	(752,088)
Total business-type activities	<u>190,965</u>	<u>(343,351)</u>	<u>(450,935)</u>
Total primary government	<u>\$ 27,273,439</u>	<u>\$ 27,953,874</u>	<u>\$ 30,018,681</u>
Change in Net Position			
Governmental activities	\$ 10,333,942	\$ 9,228,706	\$ 9,106,402
Business-type activities	2,066,162	1,760,680	2,531,264
Total primary government	<u>\$ 12,400,104</u>	<u>\$ 10,989,386</u>	<u>\$ 11,637,666</u>

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 18,931,378	\$ 19,468,413	\$ 20,994,332	\$ 22,066,237	\$ 23,378,676	\$ 23,802,124	\$ 24,695,940
4,582,479	5,060,324	5,308,296	5,022,500	5,291,546	5,754,706	5,544,604
2,924,080	2,868,337	2,421,181	1,640,456	1,344,936	1,275,402	1,268,202
3,551,695	3,728,669	3,693,255	4,258,253	4,269,954	4,296,073	4,405,345
474,249	850,716	965,194	1,127,964	1,324,189	1,014,890	1,375,437
--	--	--	--	5,668	6,606	--
1,400,000	1,400,000	1,500,000	1,524,990	1,575,010	1,625,000	1,637,000
149,130	(852,444)	(413,819)	82,559	(5,771,627)	(8,919,154)	(1,843,432)
<u>32,013,011</u>	<u>32,524,015</u>	<u>34,468,439</u>	<u>35,722,959</u>	<u>31,418,352</u>	<u>28,855,647</u>	<u>37,083,096</u>
1,287	1,609	1,961	1,748	--	--	--
424,012	351,099	224,133	76,663	37,934	36,137	38,886
(149,130)	852,444	413,819	(82,559)	5,771,627	8,919,154	1,843,432
<u>276,169</u>	<u>1,205,152</u>	<u>639,913</u>	<u>(4,148)</u>	<u>5,809,561</u>	<u>8,955,291</u>	<u>1,882,318</u>
<u>\$ 32,289,180</u>	<u>\$ 33,729,167</u>	<u>\$ 35,108,352</u>	<u>\$ 35,718,811</u>	<u>\$ 37,227,913</u>	<u>\$ 37,810,938</u>	<u>\$ 38,965,414</u>
\$ 12,211,402	\$ 9,411,537	\$ 8,649,804	\$ 12,839,459	\$ 14,183,855	\$ 5,730,128	\$ 8,113,574
4,780,301	3,123,628	3,396,714	1,784,091	8,078,552	11,012,670	3,804,534
<u>\$ 16,991,703</u>	<u>\$ 12,535,165</u>	<u>\$ 12,046,518</u>	<u>\$ 14,623,550</u>	<u>\$ 22,262,407</u>	<u>\$ 16,742,798</u>	<u>\$ 11,918,108</u>

City of Cedar Falls, Iowa
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Nonspendable	\$ 78,299	\$ 86,234	\$ 119,589	\$ 147,220
Assigned	896,147	841,776	695,321	1,196,550
Unassigned	4,833,976	5,447,124	6,251,432	6,221,822
Total general fund	<u>\$ 5,808,422</u>	<u>\$ 6,375,134</u>	<u>\$ 7,066,342</u>	<u>\$ 7,565,592</u>
All Other Governmental Funds				
Nonspendable	\$ 143,013	\$ 140,490	\$ 138,443	\$ 151,510
Restricted	21,379,781	22,712,063	24,404,192	24,333,854
Committed	12,179,838	12,689,217	13,199,514	13,069,761
Assigned	7,984,681	8,982,080	7,020,781	9,382,350
Unassigned	(2,458)	(509,690)	(598,988)	(701,932)
Total all other governmental funds	<u>\$ 41,684,855</u>	<u>\$ 44,014,160</u>	<u>\$ 44,163,942</u>	<u>\$ 46,235,543</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 131,466	\$ 132,803	\$ 178,147	\$ 181,341	\$ 180,689	\$ 241,612
1,122,010	1,246,712	1,620,436	1,445,007	1,722,948	1,817,084
6,291,771	6,473,074	6,489,104	6,498,932	7,045,817	6,978,807
<u>\$ 7,545,247</u>	<u>\$ 7,852,589</u>	<u>\$ 8,287,687</u>	<u>\$ 8,125,280</u>	<u>\$ 8,949,454</u>	<u>\$ 9,037,503</u>
\$ 83,341	\$ 84,791	\$ 126,255	\$ 201,205	\$ 256,912	\$ 306,613
27,182,248	25,967,407	26,841,011	27,037,209	25,892,197	25,435,109
13,723,684	14,395,783	15,163,647	15,697,718	16,145,534	16,551,115
9,700,146	9,526,406	11,201,701	10,758,664	12,916,571	14,559,803
(358,297)	(186,530)	(1,740,555)	(2,840,288)	(4,343,889)	(1,193,291)
<u>\$ 50,331,122</u>	<u>\$ 49,787,857</u>	<u>\$ 51,592,059</u>	<u>\$ 50,854,508</u>	<u>\$ 50,867,325</u>	<u>\$ 55,659,349</u>

City of Cedar Falls, Iowa
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Property taxes and assessments	\$ 14,085,403	\$ 16,033,558	\$ 17,186,164	\$ 18,931,049
Other city taxes	4,169,362	4,210,658	4,712,426	4,564,009
Licenses and permits	847,158	923,727	982,954	785,116
Use of money and property	2,618,556	1,874,497	2,425,140	2,924,080
Intergovernmental	6,324,283	6,457,295	6,834,840	7,047,600
Charges for services	1,984,119	2,244,467	2,589,376	2,787,909
Fines and forfeitures	547,257	436,741	652,321	466,199
Miscellaneous	2,460,384	975,478	437,966	648,118
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,400,000	1,400,000
Total revenues	<u>\$ 34,436,522</u>	<u>\$ 34,556,421</u>	<u>\$ 37,221,187</u>	<u>\$ 39,554,080</u>
Expenditures:				
Current:				
Public safety	\$ 6,288,812	\$ 6,692,528	\$ 7,173,967	\$ 7,373,826
Public works	6,987,749	7,364,214	7,595,353	7,928,949
Health and social services	50,921	135,160	199,164	838,185
Culture and recreation	4,246,829	4,756,551	5,277,687	5,330,482
Community and economic development	2,600,174	2,523,565	2,384,359	2,345,866
General government	3,075,636	3,455,372	3,814,373	3,929,548
Debt service				
Principal	4,025,954	3,408,713	2,920,000	3,040,000
Interest	1,067,520	1,029,414	937,274	916,414
Capital projects	6,656,971	8,257,673	9,612,287	5,392,998
Total expenditures	<u>\$ 35,000,566</u>	<u>\$ 37,623,190</u>	<u>\$ 39,914,464</u>	<u>\$ 37,096,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (564,044)</u>	<u>\$ (3,066,769)</u>	<u>\$ (2,693,277)</u>	<u>\$ 2,457,812</u>
Other financing sources (uses):				
Issuance of long-term debt	\$ 2,355,000	\$ 5,450,000	\$ 2,835,000	\$ --
Premium on long-term debt	--	--	--	--
Issuance of refunding debt	--	--	5,650,000	--
Discount on long-term debt	(14,130)	(17,594)	(43,274)	--
Land contract	1,200,000	--	--	--
Payments on refunding bonds	--	--	(5,650,000)	--
Transfers in	3,777,372	7,349,861	5,999,757	5,914,848
Transfers out	(3,822,938)	(6,824,892)	(5,288,524)	(5,842,507)
Total other financing sources (uses)	<u>\$ 3,495,304</u>	<u>\$ 5,957,375</u>	<u>\$ 3,502,959</u>	<u>\$ 72,341</u>
Net change in fund balances	<u>\$ 2,931,260</u>	<u>\$ 2,890,606</u>	<u>\$ 809,682</u>	<u>\$ 2,530,153</u>
Debt service as a percentage of noncapital expenditures	18.0%	16.9%	13.8%	14.6%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 19,459,594	\$ 20,994,332	\$ 22,066,237	\$ 23,378,676	\$ 23,766,846	\$ 24,696,783
5,032,798	5,338,098	5,029,677	5,282,406	5,755,920	5,519,022
1,031,667	767,938	1,106,716	1,093,024	1,162,401	1,076,186
2,868,337	2,421,181	1,640,456	1,344,936	1,275,402	1,268,202
9,153,104	10,189,992	12,351,723	21,764,416	18,920,930	12,599,954
2,827,076	2,969,223	3,115,157	3,179,755	3,507,339	3,386,415
421,274	436,578	373,752	400,965	430,016	449,165
803,161	994,537	1,057,446	1,370,497	1,052,265	1,358,192
1,400,000	1,500,000	1,524,990	1,575,010	1,625,000	1,637,000
<u>\$ 42,997,011</u>	<u>\$ 45,611,879</u>	<u>\$ 48,266,154</u>	<u>\$ 59,389,685</u>	<u>\$ 57,496,119</u>	<u>\$ 51,990,919</u>
\$ 7,996,188	\$ 7,551,507	\$ 7,922,903	\$ 8,155,206	\$ 8,375,158	\$ 8,999,942
7,282,523	7,783,897	8,816,278	9,027,992	10,810,336	10,089,252
87,286	163,528	87,304	178,084	167,759	172,284
5,536,483	6,065,698	6,076,258	6,557,554	6,410,049	6,449,626
2,529,313	2,253,049	2,291,861	2,602,604	2,447,212	2,646,490
4,168,161	4,381,790	4,613,684	4,316,949	4,775,981	4,684,063
2,850,000	2,910,000	2,930,000	3,235,000	3,415,000	2,685,000
806,181	739,841	728,057	596,048	503,383	271,009
9,857,325	13,486,565	16,357,586	20,000,053	11,390,660	9,544,629
<u>\$ 41,113,460</u>	<u>\$ 45,335,875</u>	<u>\$ 49,823,931</u>	<u>\$ 54,669,490</u>	<u>\$ 48,295,538</u>	<u>\$ 45,542,295</u>
\$ 1,883,551	\$ 276,004	\$ (1,557,777)	\$ 4,720,195	\$ 9,200,581	\$ 6,448,624
\$ 4,820,000	\$ --	\$ 3,440,000	\$ --	\$ --	\$ --
--	--	227,162	--	--	--
(1,645,000)	--	5,135,000	--	3,320,000	--
(30,125)	--	(28,724)	--	(8,300)	--
--	--	--	--	--	--
--	--	(5,325,000)	--	(3,285,000)	--
8,358,264	10,291,922	11,017,106	9,806,376	11,275,219	13,297,694
(9,227,533)	(10,806,635)	(10,755,275)	(15,504,674)	(19,720,563)	(14,976,869)
<u>\$ 2,275,606</u>	<u>\$ (514,713)</u>	<u>\$ 3,710,269</u>	<u>\$ (5,698,298)</u>	<u>\$ (8,418,644)</u>	<u>\$ (1,679,175)</u>
<u>\$ 4,159,157</u>	<u>\$ (238,709)</u>	<u>\$ 2,152,492</u>	<u>\$ (978,103)</u>	<u>\$ 781,937</u>	<u>\$ 4,769,449</u>
11.4%	10.1%	10.3%	10.7%	10.2%	8.0%

City of Cedar Falls, Iowa
Assessed and Taxable Value of Property
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Real and Personal Property			
		Regular		Agricultural Land	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
2003	2004	\$ 817,896,980	\$ 1,420,200,646	\$ 6,926,500	\$ 6,926,500
2004	2005	903,439,479	1,668,483,277	5,418,730	5,418,730
2005	2006	920,739,030	1,732,108,902	5,347,650	5,347,650
2006	2007	985,250,869	1,925,987,344	5,771,140	5,771,140
2007	2008	1,018,530,684	2,008,358,826	5,453,530	5,453,530
2008	2009	1,098,295,277	2,246,385,815	5,438,677	6,036,110
2009	2010	1,150,078,051	2,330,760,155	5,525,128	5,886,760
2010	2011	1,185,969,161	2,393,911,221	5,381,329	8,196,740
2011	2012	1,254,821,347	2,450,027,899	5,572,605	8,292,560
2012	2013	1,393,511,204	2,608,407,333	5,671,067	9,912,510

Source: Black Hawk County Auditor's Office.

Note: Property in the city is reassessed every other year. Tax rates are per \$1,000 of assessed value.

Total		Total Taxable Value as a Percentage of Assessed Value	Total Direct Tax Rate
Taxable Value	Assessed Value		
\$ 824,823,480	\$ 1,427,127,146	57.80 %	\$ 14.10410
908,858,209	1,673,902,007	54.30	13.65325
926,086,680	1,737,456,552	53.30	14.05084
991,022,009	1,931,758,484	51.30	13.84420
1,023,984,214	2,013,812,356	50.85	13.60793
1,103,733,954	2,252,421,925	49.00	13.26327
1,155,603,179	2,336,646,915	49.46	13.02110
1,191,350,490	2,402,107,961	49.60	12.99252
1,260,393,952	2,458,320,459	51.27	12.86369
1,399,182,271	2,618,319,843	53.44	12.20300

**City of Cedar Falls, Iowa
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	City of Cedar Falls			Overlapping Rates Black Hawk County		
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage
2004	\$ 11.93225	\$ 2.17185	\$ 14.10410	\$ 7.15152	\$ 0.59469	\$ 7.74621
2005	11.85492	1.79833	13.65325	6.90953	0.58284	7.49237
2006	12.39156	1.65928	14.05084	7.04780	0.56052	7.60832
2007	12.51746	1.32674	13.84420	6.83182	0.55784	7.38966
2008	12.41427	1.19366	13.60793	6.82613	0.58407	7.41020
2009	11.94886	1.31441	13.26327	6.35616	0.57975	6.93591
2010	11.82625	1.19485	13.02110	6.12831	0.57689	6.70520
2011	11.81700	1.17552	12.99252	6.22972	0.44212	6.67184
2012	11.79924	1.06445	12.86369	5.92415	0.67322	6.59737
2013	11.68479	0.51821	12.20300	5.59849	0.64144	6.23993

Source: Department of Management website

Note: The city's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rate for debt service are set based on each year's requirements.

Overlapping Rates

Schools				
Operating Millage	Debt Service	Total School Millage	Other	Total
\$ 13.91234	\$ --	\$ 13.91234	\$ 1.13876	\$ 36.90141
13.00577	--	13.00577	1.36743	35.51882
13.02846	--	13.02846	1.42197	36.10959
13.02447	--	13.02447	1.34392	35.60225
13.13283	--	13.13283	1.18405	35.33501
13.73251	--	13.73251	1.36422	35.29591
13.73228	--	13.73228	1.33721	34.79579
14.15215	--	14.15215	1.38794	35.20445
13.78651	--	13.78651	1.28109	34.52866
13.37802	--	13.37802	1.3377	33.15865

**City of Cedar Falls, Iowa
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2004		
	Assessed Valuation for Fiscal Year 2003 - 2004	Rank	Percentage of Total Assessed Valuation
Target Corporation			
College Square Mall Assoc. LLC	\$ 29,994,080	1	2.10 %
R and N Investments	5,140,960	9	0.36
Walmart Re Business Trust	--	--	--
WB CF Assoc LTD Partners	6,987,210	2	0.49
Twenty Seventh Street Assoc, LLC	--	--	--
Cedar Falls Investments, LLC	--	--	--
Gold Falls Villa Apart LLC	--	--	--
Standard Distribution Co.	--	--	--
Harvest Mallard Point Retirement	--	--	--
Quest Corporation (US West, Inc)	6,818,405	4	0.48
Davenport Farm & Fleet, Inc.	5,833,160	6	0.41
Cedar Falls Retirement Residence	6,855,470	3	0.48
Christopherson, Jerry	5,322,420	7	0.37
Lockard Blackhawk LC	6,134,500	5	0.43
SUH Northern Iowa, LLC	5,268,390	8	0.37
	<u>\$ 78,354,595</u>		<u>5.49 %</u>

Source: Black Hawk County Auditor's Office

Note: There was only data available for the top nine taxpayers for 2004.

2013

Assessed Valuation for Fiscal Year 2012 - 2013	Rank	Percentage of Total Assessed Valuation
\$ 85,871,200	1	3.28 %
30,224,620	2	1.15
13,908,090	3	0.53
13,574,740	4	0.52
12,738,950	5	0.49
11,533,470	6	0.44
9,243,740	7	0.35
8,964,160	8	0.34
8,326,800	9	0.32
8,164,470	10	0.31
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
\$ 202,550,240		7.73 %

City of Cedar Falls, Iowa
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percentage of Current Taxes Collected	Delinquent Tax Collections
2003	2004	\$ 11,796,749	\$ 11,824,764	100.24 %	\$ 104
2004	2005	12,646,619	12,643,423	99.97	--
2005	2006	13,267,496	13,396,021	100.97	1,479
2006	2007	13,963,307	14,007,852	100.32	108
2007	2008	14,161,581	14,114,301	99.67	6,972
2008	2009	14,989,920	14,915,373	99.50	1,464
2009	2010	15,398,267	15,370,354	99.82	2,009
2010	2011	15,871,931	15,850,623	99.87	7,350
2011	2012	16,552,835	16,576,996	100.15	15,223
2012	2013	17,287,168	17,091,764	98.87	3,967

Source: Black Hawk County Auditor's Office.

Total Tax Collections	Total Tax Collections as a Percentage of Total Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Tax Levy
\$ 11,824,868	100.24 %	\$ 84,733	0.72 %
12,643,423	99.97	84,230	0.67
13,397,500	100.98	56,511	0.43
14,007,960	100.32	48,550	0.35
14,121,273	99.72	47,296	0.33
14,916,837	99.51	45,039	0.30
15,372,363	99.83	39,266	0.26
15,857,973	99.91	38,380	0.24
16,592,219	100.24	22,693	0.14
17,095,731	98.89	25,924	0.15

City of Cedar Falls, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Tax Increment		General Obligation Bonds	Revenue Debt
		Financing Bonds General Obligation	General Obligation Capital Loan Note		
2004	\$ 18,210,000	\$ 3,115,000	--	\$ 2,850,000	\$ 4,705,000
2005	16,115,000	7,225,000	--	2,160,000	4,075,000
2006	16,860,000	6,395,000	--	2,980,000	3,420,000
2007	14,670,000	5,545,000	--	2,270,000	2,740,000
2008	11,055,000	4,665,000	4,820,000	5,825,000	1,005,000
2009	9,435,000	3,760,000	4,435,000	5,285,000	765,000
2010	5,360,000	2,865,000	9,725,000	4,735,000	--
2011	4,340,000	2,015,000	8,360,000	4,160,000	--
2012	--	1,125,000	10,210,000	2,755,000	210,640
2013	--	575,000	8,075,000	2,335,000	210,640

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Population and personal income data can be found on page 136.

Business-Type Activities

<u>Capital Loans</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
--	\$ 28,880,000	2.96 %	795
--	29,575,000	2.95	813
--	29,655,000	2.60	814
--	25,225,000	2.15	692
--	27,370,000	2.15	728
--	23,680,000	1.89	619
--	22,685,000	1.66	588
--	18,875,000	1.32	481
820,000	15,120,640	1.04	385
625,000	11,820,640	0.77	301

City of Cedar Falls, Iowa
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Taxable Value of Property</u>	<u>Percentage Taxable Value of Property</u>	<u>Assessed Value of Property</u>
2004	\$ 24,175,000	\$ 824,823,480	2.93 %	\$ 1,427,127,146
2005	25,500,000	908,858,209	2.81	1,673,902,007
2006	26,235,000	926,086,680	2.83	1,737,456,552
2007	22,485,000	991,022,009	2.27	1,931,758,484
2008	26,365,000	1,023,984,214	2.57	2,013,812,356
2009	22,915,000	1,103,733,954	2.08	2,252,421,925
2010	22,685,000	1,155,603,179	1.96	2,336,646,915
2011	18,875,000	1,191,350,490	1.58	2,402,107,961
2012	14,090,000	1,260,393,952	1.12	2,458,320,459
2013	10,985,000	1,399,182,271	0.79	2,618,319,843

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Includes only general obligation debt supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
1.69 %	665.19
1.52	700.93
1.51	720.41
1.16	617.23
1.31	701.51
1.02	599.01
0.97	588.33
0.79	480.77
0.57	358.89
0.42	279.80

City of Cedar Falls, Iowa
Direct and Overlapping Debt
As of June 30, 2013

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City ¹</u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>8,650,000</u>	100.00 %	\$ <u>8,650,000</u>
Overlapping:			
Black Hawk County	\$ 39,020,000	32.01	\$ 12,490,302
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Community College	<u>4,770,000</u>	19.04	<u>908,208</u>
Total Overlapping	\$ <u>43,790,000</u>		\$ <u>13,398,510</u>
Total	\$ <u><u>52,440,000</u></u>		\$ <u><u>22,048,510</u></u>

Source: Black Hawk County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cedar Falls. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using net taxable property values. Applicable percentages were estimated by determining the portion of the County's net value that is within the government's boundaries and dividing it by the county's total value.

**City of Cedar Falls, Iowa
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 71,356,357	\$ 83,695,100	\$ 86,872,828	\$ 96,587,924	\$ 100,807,511
Total net debt applicable to limit	27,265,000	28,260,000	28,660,000	24,555,000	28,070,000
Legal debt margin	<u>\$ 44,091,357</u>	<u>\$ 55,435,100</u>	<u>\$ 58,212,828</u>	<u>\$ 72,032,924</u>	<u>\$ 72,737,511</u>
Total net debt applicable to the limit as a percentage of of debt limit	38.21%	33.77%	32.99%	25.42%	27.85%

Note: Under Iowa code, the city's outstanding general obligation debt should not exceed 5 percent of total assessed property value.

2009	2010	2011	2012	2013
\$ 114,324,931	\$ 118,846,750	\$ 122,094,381	\$ 125,016,901	\$ 132,967,511
24,235,000	25,005,000	20,770,000	16,660,000	13,205,000
<u>\$ 90,089,931</u>	<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>	<u>\$ 119,762,511</u>

21.20%	21.04%	17.01%	13.33%	9.93%
--------	--------	--------	--------	-------

Legal Debt Margin Calculation for Fiscal Year 2013

Estimated actual valuation	<u>\$ 2,659,350,229</u>
Debt limit - 5% of total actual valuation	\$ 132,967,511
Debt applicable to debt limit:	
General obligation bonds	11,610,000
General obligation bonds - component unit	1,595,000
	<u>13,205,000</u>
Legal debt margin	<u>\$ 119,762,511</u>

**City of Cedar Falls, Iowa
Revenue Bond Coverage
Sewer Authority
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses ¹</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements ²</u>	
				<u>Principal</u>	<u>Interest</u>
2004	\$ 3,835,712	\$ 1,533,885	\$ 2,301,827	\$ 395,000	\$ 172,735
2005	3,943,396	1,622,886	2,320,510	630,000	212,068
2006	4,118,235	2,021,641	2,096,594	655,000	175,227
2007	4,157,338	2,350,397	1,806,941	680,000	146,788
2008	4,070,619	1,977,204	2,093,415	1,735,000	116,368
2009	4,169,965	2,077,587	2,092,378	240,000	28,583
2010	4,066,110	2,076,689	1,989,421	765,000	22,103
2011	4,162,150	2,113,283	2,048,867	--	--
2012	4,333,859	1,902,799	2,431,060	--	5,108
2013	4,596,372	2,254,091	2,342,281	--	6,319

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Net of depreciation, interest, and debt service transfers.

² Includes principal and interest of revenue bonds only.

Debt Service
Requirements²

	<u>Total</u>	<u>Coverage</u>
\$	567,735	4.05
	842,068	2.76
	830,227	2.53
	826,788	2.19
	1,851,368	1.13
	268,583	7.79
	787,103	2.53
	--	--
	5,108	475.93
	6,319	370.67

City of Cedar Falls, Iowa
Sales History and Total Sewer Charges
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Sales (CCF)</u>	<u>Sewer Charges</u>
2003 - 04	1,868,675	\$ 3,686,981
2004 - 05	1,700,179	3,603,778
2005 - 06	1,737,946	3,644,514
2006 - 07	1,695,516	3,694,725
2007 - 08	1,765,541	4,492,230
2008 - 09	1,873,290	4,666,695
2009 - 10	1,523,683	4,665,753
2010 - 11	1,664,689	4,735,783
2011 - 12	1,750,015	4,953,584
2012 - 13	1,826,789	5,238,056

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa
Water Meter by Rate Class
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
2004	10,365	890	39	173	3	11,470
2005	10,764	909	37	177	3	11,890
2006	11,057	936	35	183	3	12,214
2007	11,237	955	35	190	3	12,420
2008	11,445	983	38	195	3	12,664
2009	11,258	972	35	197	3	12,465
2010	11,529	984	34	196	3	12,746
2011	11,814	991	33	200	3	13,041
2012	11,957	995	33	208	3	13,196
2013	12,328	1,002	32	211	3	13,576

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa
Largest Sewer Customers
Fiscal Year 2013**

Customer		Water Sales (CCF)	Percent of Total Water Sales		Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	1	95,943	5.25 %	\$	251,099	4.79 %
Nazareth Lutheran Church	2	30,323	1.66		65,136	1.24
Western Home Communities	3	24,686	1.35		97,795	1.87
Country Terrace MHP LLC-700 W Ridgeway	4	20,230	1.11		85,340	1.63
Target Corporation	5	17,471	0.96		57,012	1.09
Metokote Corporation	6	16,495	0.90		35,986	0.69
College Park Mills	7	10,569	0.58		36,271	0.69
CF Schools	8	9,736	0.53		29,406	0.56
Newaldaya Lifescapes	9	9,311	0.51		31,739	0.61
Sartori Memorial Hospital, Inc.	10	8,714	0.48		18,874	0.36
Gold Falls Villa Apts.	11	8,353	0.46		49,251	0.94
Clark Enterprises LLC	12	6,193	0.34		38,364	0.73

Total 2013 CCF	1,826,789
Total 2013 Sewer Billings	\$5,238,056

Source: Cedar Falls Utilities, Finance Dept. special IS report

City of Cedar Falls, Iowa
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income¹</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2004	36,343	\$ 975,664,178	\$ 26,846	26.0	4,437	4.0
2005	36,380	1,001,577,780	27,531	25.7	4,393	3.7
2006	36,417	1,140,981,027	31,331	25.7	4,435	2.9
2007	36,429	1,174,398,102	32,238	25.7	4,502	2.3
2008	37,583	1,271,771,137	33,839	25.7	4,501	2.6
2009	38,255	1,251,129,775	32,705	25.7	4,515	3.2
2010	38,558	1,365,261,664	35,408	25.4	4,678	4.2
2011	39,260	1,428,121,760	36,376	26.8	4,645	5.9
2012	39,260	1,448,811,780	36,903	26.8	5,068	3.8
2013	39,260	1,538,795,700	39,195	26.8	5,121	3.5

Sources: Population provided by the US Census Bureau. School enrollment is supplied by the Cedar Falls Board of Education. Unemployment data provided by the Iowa Workforce.

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

¹ Per Capita Income is based on Metropolitan Waterloo/Cedar Falls and based on figures from Bureau of Economic Analysis.

**City of Cedar Falls, Iowa
Principal Employers
Current Year and Nine Years Ago**

Employees	2004		
	Number of Employees ¹	Rank	Percentage of Total City Employment
John Deere Product Engineer Center ²	4,265	1	20.66%
Wheaton Franciscan Healthcare ²			
University of Northern Iowa	2,173	2	10.53%
Hy-Vee Food Stores ²			
Area Education Agency 267			
Wal-Mart Super Center ²	--		--
Cedar Falls Community School District	617	3	2.99%
Target Distribution	600	4	2.91%
City of Cedar Falls/Municipal Utilities	400	6	1.94%
Viking Pump Inc, Unit of Index Corp.	443	5	2.15%
Martin Brothers Distributing Co., Inc	330	7	1.60%
The Western Home	271	8	1.31%
Principal Financial Group	271	9	1.31%
Cedar Falls Lutheran Home	267	10	1.29%
Total	9,637		46.69%

Source: Official Bond Statements from Public Financial Management, Inc.

¹ Number of employees includes all full-time, part-time and seasonal employees.

² Number of employees includes multiple locations in both Cedar Falls and Waterloo.

2013

<u>Number of Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
6,739	1	28.43%
3,027	2	12.77%
2,586	3	10.91%
1,155	4	4.87%
1,150	5	4.85%
750	6	3.16%
750	7	3.16%
572	8	2.41%
540	9	2.28%
466	10	1.97%
--	--	--
--	--	--
--	--	--
--	--	--
17,735		74.81%

City of Cedar Falls, Iowa
Full-Time Equivalent City Government Employees by Function/Department
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30				
	2004	2005	2006	2007	2008
Public Safety					
Police	49.89	49.89	50.89	51.49	51.69
Fire	34.60	34.60	35.60	35.65	35.65
Inspection Services	6.00	6.00	6.50	6.50	6.40
Public Works					
Streets	24.82	24.35	25.35	24.37	24.37
Parking Meter	3.10	3.10	3.10	3.66	3.61
Engineering	13.60	11.60	11.60	11.57	11.42
Culture and Recreation					
Human & Leisure Administration	2.00	2.00	2.25	2.25	2.25
Cultural Services	9.05	8.81	8.81	8.00	8.00
Library	14.80	16.20	16.20	17.53	17.25
Cemetery	4.40	4.60	4.60	4.60	4.60
Golf	6.40	7.15	7.15	5.50	4.70
Parks	16.20	18.68	18.68	18.48	18.90
Recreation	31.05	31.05	31.05	30.88	32.23
Visitor & Tourism	2.40	2.60	2.60	2.90	2.90
Senior Services	--	--	--	0.50	0.50
Community & Economic Development					
Developmental Services Admin.	1.50	1.50	1.50	1.50	1.50
Economic Development	1.85	1.85	1.85	1.77	2.10
Planning Services	3.43	3.43	3.43	3.68	3.68
Block Grant	2.20	2.20	2.20	2.17	1.84
Housing Vouchers	2.50	2.50	2.50	1.79	1.79
Section 8 Housing	--	--	--	--	--
General Government					
Mayor's Office	1.50	1.50	1.50	1.50	1.50
Administrative Services Admin.	1.50	1.50	1.50	1.50	1.50
Financial Services	4.95	4.95	4.95	5.95	6.45
Legal Services	3.00	3.00	2.00	3.00	3.00
Personnel	2.00	2.00	2.00	--	--
Public Records	3.50	3.50	3.50	3.45	3.70
Cable TV	4.00	3.00	4.00	4.30	4.50
Print Shop	1.00	1.00	1.00	1.00	1.00
Public Buildings	11.31	12.11	14.11	14.71	15.25
Internal Service					
Information Systems	3.00	3.00	4.00	4.00	4.00
Vehicle Maintenance	6.40	6.40	6.40	6.10	6.10
Sewer	17.30	16.75	16.88	16.30	16.72
Refuse	16.50	16.80	15.80	17.80	17.80
Storm Water	--	--	--	3.25	3.30
Total	305.75	307.62	313.50	317.65	320.20

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2009	2010	2011	2012	2013
53.44	52.69	51.74	50.87	50.77
35.65	35.65	33.80	33.80	35.20
6.40	7.40	7.40	7.40	9.30
20.56	20.56	21.56	22.26	22.06
3.61	3.61	3.61	3.61	3.81
11.42	11.42	11.42	11.42	11.52
2.25	2.25	2.25	2.25	2.25
8.00	8.20	8.48	8.50	8.52
17.25	17.55	17.73	18.56	19.84
4.60	4.60	4.60	4.60	4.60
4.90	5.30	5.00	5.00	5.00
20.10	20.10	20.65	20.65	21.45
33.50	34.26	35.26	35.26	35.26
3.20	3.20	3.20	3.20	3.20
1.23	1.23	0.78	0.78	0.78
1.50	1.50	1.50	1.50	1.50
2.26	2.00	2.00	2.12	2.02
3.68	3.68	3.68	3.68	3.68
1.68	1.69	1.67	1.69	1.79
1.79	1.84	1.87	1.92	1.93
--	--	--	--	--
1.50	1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50	1.50
6.45	6.45	6.45	6.45	5.95
3.00	3.00	3.00	3.00	3.00
--	--	--	--	--
3.70	3.70	3.70	3.70	4.10
4.50	4.50	4.50	4.50	4.50
1.00	1.00	1.00	1.00	1.00
15.25	15.25	15.84	15.84	15.84
4.00	4.00	4.00	4.00	4.00
6.10	6.10	6.10	6.10	6.10
18.38	18.38	18.38	18.38	18.38
19.30	19.30	22.35	21.35	21.35
3.30	3.30	4.30	4.30	4.30
325.00	326.71	330.82	330.69	335.98

City of Cedar Falls, Iowa
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year		
	2004	2005	2006
Public Safety			
Police			
Physical arrests	1,672	1,616	1,670
Traffic violations	5,453	6,007	4,705
Parking violations	37,260	34,056	29,952
Fire			
Number of calls answered	1,511	1,452	1,599
Inspections conducted	2,166	1,807	2,517
Sewer			
Sewage System			
Daily average treatment in gallons	4,120,000	4,600,000	4,550,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System			
Daily average consumption in gallons	3,800,209	3,439,943	3,636,258
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
Refuse ¹			
Solid Waste			
32 Gallon Containers	3,155	3,299	3,344
68 Gallon Containers	5,679	5,903	5,997
95 Gallon Containers	1,093	1,284	1,464
Yard Waste			
95 Gallon Containers	4,499	4,924	5,280

Sources: Various city departments

¹ Statistics begin in FY04

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
1,421	1,353	1,501	1,403	1,199	1,088	1,178
2,562	7,267	3,544	3,237	2,966	2,938	5,554
25,575	26,354	25,267	21,726	18,646	18,619	20,889
1,925	1,936	2,016	1,937	1,924	2,166	2,190
2,331	2,470	2,076	3,750	1,854	1,929	2,843
5,730,000	6,510,000	5,130,000	5,726,000	5,210,000	4,100,000	4,100,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,379,708	3,660,000	4,110,000	4,135,000	3,400,000	3,400,000	3,400,000
21,600,000	21,600,000	21,600,000	22,813,000	23,400,000	23,400,000	23,400,000
3,382	3,529	3,735	4,047	4,343	4,572	4,600
6,169	6,273	6,337	6,490	6,780	6,990	6,899
1,652	1,760	1,876	1,998	2,163	2,301	2,307
5,575	5,769	5,999	6,281	6,554	6,741	6,916

City of Cedar Falls, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	12	12	10	10	10
Fire					
Stations	2	2	2	2	2
Fire apparatus	8	8	8	8	8
Public works					
Streets					
Miles	200	203	205	210	215
Street lights	2,670	2,695	2,705	2,856	2,998
Health and social services					
Hospital	1	1	1	1	1
Number of patient beds	101	101	101	101	101
Cultural and Recreation					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries	3	3	3	3	3
Acreage	56.9	56.9	56.9	56.9	56.9
Golf	3	3	3	3	3
Miniature golf course	1	1	1	--	--
Parks	34	34	34	34	34
Acreage	1,116	1,116	1,116	1,116	1,136
Recreation					
Recreation Center	1	1	1	1	1
Swimming pools	3	3	3	3	3
Softball fields	8	8	8	8	8
Baseball fields	2	2	2	2	2
Tennis courts	6	6	6	6	6
Sewer					
Sewage System					
Miles of sanitary sewer	160	162	163	169	177
Miles of storm sewers	160	161	162	167	168
Number of treatment plants	1	1	1	1	1
Number of service connectors	11,039	11,039	11,649	11,966	11,975
Water Systems					
Miles of water mains	169.00	175.30	184.70	181.80	192.90
Number of service connectors	10,967	11,407	11,682	12,041	12,212
Number of city owned fire hydrants	1,503	1,593	1,717	1,771	1,951

Sources: Various city departments

Fiscal Year				
2009	2010	2011	2012	2013
1	1	1	1	1
10	10	10	10	10
2	2	2	3	3
8	8	8	8	8
217	217	217	217	217
3,025	3,048	3,080	3,088	3,104
1	1	1	1	1
101	101	101	101	101
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
56.9	56.9	56.9	56.9	56.9
2	2	2	2	2
--	--	--	--	--
34	34	34	33	34
1,136	1,136	1,136	1,131	1,132
1	1	1	1	1
3	3	3	3	3
8	9	9	9	9
2	2	2	2	2
6	6	6	6	6
178.62	178.99	180.11	180.47	185.94
171.2	171.4	172.13	172.33	176.18
1	1	1	1	1
12,145	12,187	12,544	12,544	12,544
195.70	198.24	199.00	199.00	201.50
12,169	12,328	12,544	12,544	11,996
1,892	1,923	2,067	2,067	2,011



Information to Comply with Government Auditing Standards
and OMB Circular A-133, Audits of States, Local
Governments and Non-Profit Organizations
June 30, 2013

City of Cedar Falls, Iowa

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 .	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs	9



**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 27, 2013. Our report includes a reference to other auditors who audited the financial statements of the Cedar Falls Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
September 27, 2013

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Cedar Falls, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Cedar Falls, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2013, and have issued our report thereon dated September 27, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Dubuque, Iowa
September 27, 2013

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce:			
Direct program:			
Economic Adjustment Assistance	11.307		\$ 444,850
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		268,338
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-207	1,462,470
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-227	209,120
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-086	11,554
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-240	862,683
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHM-014	1,054
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRB-202	41,156
			<u>2,588,037</u>
City of Waterloo, Iowa:			
Home Investment Partnerships Program	14.239	M01DC190206	100,818
Direct program:			
Section 8 Housing Choice Vouchers	14.871		1,210,128
Total U.S. Department of Housing and Urban Development			<u>4,167,321</u>

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice:			
Direct program:			
Joint Law Enforcement Operations	16.111		\$ 31,516
Bulletproof Vest Partnership Program	16.607		2,829
Public Safety Partnership and Community Policing Grants	16.710		<u>38,084</u>
Total U.S. Department of Justice			<u>72,429</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESL-1185(641)--7S-07	93,168
Highway Planning and Construction	20.205	EDP-1185(637)--7Y-07	1,243,872
Highway Planning and Construction	20.205	SRTS-U-1185(645)--8U-07	57,143
Highway Planning and Construction	20.205	STP-U-1185(635)--70-07	800
			<u>1,394,983</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	12-04	3,049
State and Community Highway Safety	20.600	13-04	5,375
			<u>8,424</u>
Total U.S. Department of Transportation			<u>1,403,407</u>
U.S. Department of Energy:			
Pass-through program from:			
Iowa Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	EECBG10-3369	<u>84,400</u>

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036	DR-1763-IA;01RJD03	\$ 85,477
Hazard Mitigation Grant	97.039	HMGP-DR-1763-07-01	34,663
Hazard Mitigation Grant	97.039	HMGP-DR-1763-001401	3,163
			<u>37,826</u>
Total U.S. Department of Homeland Security			<u>123,303</u>
Total			<u>\$ 6,295,710</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cedar Falls, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Note 2 - Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 35,430
ARRA - Public Safety Partnership and Community Policing Grants	16.710	\$ 38,084

Part I: Summary of the Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Economic Adjustment Assistance	11.307
ARRA - Highway Planning and Construction	20.205

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Part II: Findings Related to the Financial Statements:

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2013-IA-A Certified Budget - Disbursements during the year ended June 30, 2013, did not exceed the amount budgeted.

2013-IA-B Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2013-IA-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2013-IA-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mare Madsen Schmidt, council member, owner of Art Store & More	Services	\$ 404
Jared Mason, employee, owner of JM Guns	Services	380
Susan deBuhr, council member, spouse is owner of Color Glo	Services	200

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

2013-IA-E Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2013-IA-F Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

2013-IA-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2013-IA-H Revenue Bonds – No instances of non-compliance with the sewer state revolving loan revenue debt provisions were noted.